



Doing Business in Bermuda:

2012 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Bermuda

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Market Overview

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Key economic indicators (2010):

- GDP: BMD 5.8 billion
- GDP per capita: BMD 89,282
- GDP growth rate: -8.1%.
- Unemployment rate: 6%
- Inflation rate: 3.5%.
- Retail sales: BMD 97.5 million
- Total revenue: BMD 928.1 million
- Total expenditures: BMD 1,122.0 million
- Capital expenditures: BMD 134.4 million
- Total assets for banking sector (Q4): BMD 23,369 million
- Total deposits (Q4): BMD 19,531 million

Trade Statistics (2010):

- Imports: BMD 969.3 million (clothing, household goods, chemicals, live animals, machinery, transport, and miscellaneous manufactures)
- Exports: BMD 26.6 million (pharmaceuticals, semitropical produce, light manufactures)
- Trade partners: United States 72%, United Kingdom 4%, Canada 8%, Caribbean 1%

Other issues:

- The Bermuda dollar is pegged 1:1 to the U.S. dollar.
- Bermuda is a politically stable overseas territory of the U.K. There have been no recent incidents of political violence in Bermuda.
- There is a low threat of terrorism in Bermuda.

Market Challenges

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Those who wish to do business in Bermuda should be aware of the following challenges to market entry:

- Strict regulatory and legal systems grounded in U.K. law (i.e. 60/40 ownership rule, see Chapter 3: Joint Ventures/Licensing);
- High cost of customs/import duties;

- Attracting and retaining skilled expatriate workers: including work permit limitations.
- High cost of living, Bermuda is at least four times more expensive than in the U.S. and three times more than in the UK.;
- Lack of land to develop;
- Racial tension and classism issues; and
- Physical isolation from major continents: the only regular direct commercial flights are to Toronto, London and the east coast of the United States.

Market Opportunities

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Best prospect sectors, major projects and business opportunities include:

- Top five sectors: International business, real estate and renting, financial intermediation, business activities, education health and social work;
- Major projects: King Edward Memorial Hospital, the national pool, hotel and building development;
- Business opportunities: energy efficient technologies, importation of retail goods, and consultation services in business, education and healthcare

Market Entry Strategy

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Companies seeking to enter the Bermuda market should be aware at the Bermuda Government has strict rules governing the conduct of business on the island. The best way for a U.S. business to successfully enter the market is to:

- conduct market research to find potential niches,
- develop a sound marketing plan,
- export goods from the U.S. via a local wholesaler. The wholesaler/distributor can assist with pricing, promotion, inventory, distribution, and financial support.
- If possible, travel to Bermuda to gain firsthand knowledge of the market.

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Chapter 2: Political and Economic Environment

<http://www.state.gov/r/pa/ei/bgn/5375.htm>

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Chapter 3: Selling U.S. Products and Services

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Using an Agent or Distributor

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Entering the Bermuda market can be challenging, therefore U.S. vendors are encouraged to contact any of the islands 30 plus wholesale distributors who can assist in selling foreign imports. Wholesalers distribute grocery (fresh, frozen, and dry), health and beauty, pharmaceuticals, food service, and direct store delivery products. U.S. businesses can export construction materials directly to Bermuda without going through a wholesaler. Potential exporters should contact local construction firms or the Construction Association of Bermuda (www.constructionbermuda.com) for information. To find a good partner to assist with import/export shipping needs contact Bermuda Consumer Affairs at www.ca.gov.bm or the Bermuda Chamber of Commerce at www.bermudacommerce.com or the Commercial/Economic section of the U.S. Consulate General Hamilton or visit the Bermuda Yellow pages online: www.bermudayp.com.

An alternative to using a wholesaler/distributor is the Salesperson's Permit. Although Bermuda law prohibits direct sales by non-Bermudians, sales representatives are permitted entry on a case-by-case basis and must apply for a Salesperson's Permit. The permit holder may enter Bermuda multiple times within a certain time period to engage with potential customers. For more information on the Salesperson's Permit please contact the Bermuda Chamber of Commerce at www.bermudacommerce.com. Please note, travel into Bermuda for the purpose of business is closely monitored by Bermuda Immigration and proper documentation (i.e., Salesperson's Permit) must be issued prior to entry into Bermuda.

Establishing a Local Office

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The process of establishing an office in Bermuda may involve several government entities depending on the size and type of business. Those interested should contact a local attorney to determine the appropriate process. Applicable documents may need to be submitted to a local attorney, the Tax Commissioner's Office, Ministry of Finance, Bermuda Monetary Authority and/or the Registrar of Companies. Businesses must develop a detailed business plan, determine the legal business structure, register the business name, and pay for a business license. Once the government approves a business plan, businesses should contact a local accounting firm for further assistance.

Franchising

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Although there are some franchises in Bermuda, they are generally in the hotel and retail sector (i.e. Fairmont hotel chain, Marks and Spencer). In an effort to maintain Bermuda's own unique image and products, franchises are highly discouraged. Potential investors must receive special permission from the Ministry of Business Development and Tourism in order to establish a franchise on the island. Legal requirements for franchising are governed by the contract and the Companies Act 1981.

Direct Marketing

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There is little or no direct telephone marketing or door-to-door sales.

Joint Ventures/Licensing

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For potential investors in Bermuda, establishing a joint venture is the same as establishing a local company. Local companies must meet the requirements of the 60/40 rule whereby Bermudians:

- 1) are the owners of at least 60 percent of the shares in the company
- 2) exercise at least 60 percent of the total voting rights in the company, and
- 3) make up at least 60 percent of the directors of the company.

While Bermuda's corporate law is largely based upon the corporate law of the United Kingdom, it also includes provisions that are derived from other jurisdictions or that are unique to Bermuda. The key corporate legislation, the Companies Act 1981 (the "Companies Act"), is amended regularly to keep pace with international commercial developments. A local company may apply to the Ministry of Finance for a license to conduct business in Bermuda under section 114B of the Companies Act 1981 i.e. where Bermudian control is less than 60%. The issue of such a license is entirely at the discretion of the Ministry and will be for such duration and subject to such terms and conditions as the Ministry may see fit to impose.

When forming a joint venture or local company, parties must adhere to Bermuda's strict standards and regulations. Most businesses in Bermuda are limited liability companies with 100% ownership by one person. Businesses are strongly advised to contact a local law firm or accounting firm for assistance (see www.bermudayp.com for listings).

Exempt companies are those companies that do not meet the requirements of the 60/40 rule. Exempt companies located in Bermuda cannot do business in Bermuda unless they receive a special license from the Ministry of Finance.

The Bermuda Monetary Authority (www.bma.bm) vets all prospective companies. The Registrar of Companies then issues the certificate of incorporation (www.roc.gov.bm). The incorporation of companies is governed by the Companies Act 1981. In special cases, companies may need to seek approval from the Ministry of Finance (www.gov.bm).

Selling to the Government

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There are opportunities for the private sector to do business with the Government of Bermuda. The GOB purchases goods and services either directly from a vendor/company or advertises tenders for bids. Tenders are usually for skilled or technical assistance which may not be present in the local market, and they are usually advertised in the Official Gazette section of the Bermuda Sun. Legal requirements for selling to the government are covered by general legal principals and case law. Opportunities we have seen in the recent past include a large hospital construction project, management consulting for Bermuda Job Training Replication Program, new equipment for the Bermuda Police Service, and marketing for the Bermuda Department of Tourism.

Distribution and Sales Channels

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Due to the restrictions placed on foreign companies/investors from opening most types of businesses in Bermuda, goods intended for sale are purchased overseas then imported and distributed by local wholesalers who purchase goods directly from their counterparts in the U.S., Canada, or elsewhere. All goods arriving in Bermuda are inspecting by H.M. Customs regardless of the port of entry. The main distribution center/port is the Hamilton docks where most goods arrive by container ship. Some goods (perishable/specialty/courier items) arrive by air at the L.F. Wade International Airport. Oil arrives by tankers to the Ferry Reach oil docks in St. George's. Special construction materials may arrive directly the docks in St. George's.

An alternative to using a wholesaler/distributor is the Salesperson's Permit. Although Bermuda law prohibits direct sales by non-Bermudians, sales representatives are permitted entry on a case-by-case basis and must apply for a Salesperson's Permit. The permit holder may enter Bermuda multiple times within a certain time period to engage with potential customers. For more information on the Salesperson's Permit please contact the Bermuda Chamber of Commerce at www.bermudacommerce.com. Please note, travel into Bermuda for the purpose of business is closely monitored by Bermuda Immigration and proper documentation (i.e., Salesperson's Permit) must be issued prior to entry into Bermuda.

Selling Factors and Techniques

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Packaging requirements in Bermuda are the same as in the U.S. and U.K. As an Overseas Territory of the United Kingdom sales and marketing material should be in English.

Most local wholesalers employ their own teams of salesmen, buyers and customer service representatives. In some instances this is also supported by local on-line

ordering sites. In addition, some wholesalers host trade promotions and other events for potential investors, such as the annual Butterfield and Vallis Food Show.

(See Chapter 9: Contacts, Market Research & Trade Events).

Electronic Commerce

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Electronic commerce is widely used in Bermuda. The Electronic Transactions Act 1999 positioned Bermuda at the forefront of the world in terms of recognizing in legislative terms not only the importance of e-Business, but also the need to establish a proper legal framework within which to conduct it. The Bermuda Government continues to welcome and pursue emergent e-commerce technology, benefiting not only the prosperous business sector but the residents of Bermuda. Bermuda hosts several Internet Service Providers (ISP's), web design companies, computer hardware and software vendors, and a number of certified Internet payment solutions companies. Bermuda has a well developed telecommunications network and transportation facilities that link Bermuda directly with countries around the world. The network comprises four diverse bandwidth routes through fiber optic and satellite networks, quality hosting facilities with maximum security and full redundancy as well as sophisticated telephone, facsimile, satellites services.

For more information on the Electronic Transactions Act 1999 visit Bermuda Laws online (www.bermudalaws.bm) or call the Department of Telecommunications at: (441) 292-4595.

Trade Promotion and Advertising

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There are many opportunities for trade promotion in Bermuda. Events such as the Butterfield and Vallis Food Show, the Coldwell Banker Home Show, are run annually. Please review *Chapter 9: Contacts, Market Research and Trade Events* for a complete listing.

Most advertising occurs in the local newspapers (Royal Gazette: www.royalgazette.com and the Bermuda Sun: www.bermudasun.bm), on the local radio stations (ZBM/ZFB, VSB: www.vsbbermuda.com, Hott 107.5: www.hot1075bermuda.com), local magazines (Bottomline: www.royalgazette.com), and online. Bermuda is home to a number of profession ad agencies. For more information, contact the Bermuda Chamber of Commerce at: www.bermudacommerce.com.

Pricing

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When determining pricing, vendors must consider shipping costs, customs duties/wharfage, competition, overhead costs and any wholesaler charges. There is no VAT in Bermuda.

Sales Service/Customer Support

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One benefit to using an Agent/Distributor is that they can provide convenient sales, marketing, warehousing and customer support to your local consumers. The distributor has in depth knowledge of the market and local contacts enabling better penetration of the market. This type of support is customary in Bermuda and other Caribbean islands.

For more information on sales, service and customer support please contact the Bermuda Chamber of Commerce at: www.bermudacommerce.com or Consumer Affairs at: www.ca.gov.bm.

Protecting Your Intellectual Property

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As an overseas territory of the United Kingdom, Bermuda must seek permission from the U.K. government to be a party of any of the international treaties regarding intellectual property, such as the Berne Convention or TRIPS agreement. However, Bermuda has its own intellectual property legislation: Trade Marks Act, Patent Designs Act and the Copyrights Act. Bermuda cannot enter into treaties on its own unless expressly authorized to do so by the U.K.

Bermuda provides protection of copyrights, trademarks, patents, and designs. For more information on protecting your intellectual property in Bermuda please contact the Registry General's Office at www.registrygeneral.gov.bm.

Protecting Your Intellectual Property in Bermuda:

Several general principles are important for effective management of intellectual property ("IP") rights in Bermuda. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Bermuda than in the U.S. Third, rights must be registered and enforced in Bermuda, under local laws. Your U.S. trademark and patent registrations will not protect you in Bermuda. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Bermuda market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Bermuda. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Bermuda law. The U.S. Consulate General can provide a list of local lawyers upon request:

<http://photos.state.gov/libraries/hamilton/19452/pdfs/lawyerslist2010B.pdf>.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Bermuda require constant attention. Work with legal counsel familiar with Bermuda laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Bermuda or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in

Brazil, China, Egypt, India, Russia. For details and to register, visit:
http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for IP attaché Robert Jones who covers Bermuda at:
http://export.gov/eac/intl_staff_list.asp?CPostName=Santo%20Domingo .

Due Diligence

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While there is no local equivalent of a Dunn and Bradstreet in Bermuda, international and local accounting firms and law firms can check the bona fides of banks, agents, or customers. Information can also be obtained from the Registrar of Companies (www.roc.gov.bm) or the Bermuda Chamber of Commerce (www.bermudacommerce.com). While the U.S. Commercial Service's International Company Profile service can provide financial reports on companies in over 80 countries worldwide, unfortunately Bermuda is not one of them.
(http://export.gov/salesandmarketing/eg_main_018198.asp)

Local Professional Services

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A wide range of professional services are available in Bermuda. For selling retail and wholesale products, local wholesalers are willing and able to assist you. As in the U.S., most business transactions can be conducted without an attorney. However, to retain local legal counsel, please contact the Bermuda Bar Association for its most recent listing at www.bermudabar.org. Bermuda has over 100 professional associations for a variety of business services, such as accounting, real estate, I.T. services, and legal assistance. To view these organizations please go to: www.netlinkbermuda.com.

Web Resources

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Bermuda Bar Association: www.bermudabar.org
Business Bermuda: www.businessbermuda.org
Bermuda Chamber of Commerce: www.bermudacommerce.com
Bermuda Government: www.gov.bm
Bermuda Monetary Authority: www.bma.bm
Bermuda On-line: <http://bermuda-online.org/>
Bermuda Economic Development Corporation: www.bedc.bm
Bermuda Yellow Pages: www.bermudayp.com
Construction Association of Bermuda: www.constructionbermuda.com
Ministry of Finance: www.gov.bm
Netlink Bermuda: www.netlinkbermuda.com

Registrar of Companies: www.roc.gov.bm

Registry General: www.registrygeneral.gov.bm

Royal Gazette: www.royalgazette.com

The Bermuda Sun: www.bermudasun.bm

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Chapter 4: Leading Sectors for U.S. Export and Investment

Bermuda's small size dictates that almost everything is imported, however due to the economic decline imports have decreased somewhat from 1.05 billion in 2009 to \$969 million in 2010. The United States is by far Bermuda's primary trading partner, providing approximately 72% of imports at an estimated value of \$697.8 million in 2010. Please find the following information on the leading sectors in Bermuda based on the GDP. Please note, that the currency used in this data is the Bermuda dollar (BDA), which is pegged to the U.S. dollar.

Top Commercial Sectors based on the GDP 2010

1. International business activity
2. Real estate and renting activities
3. Financial intermediation
4. Business activities
5. Education, health and social work
6. Wholesale and retail trade and repair services
7. Public administration
8. Transportation and communications
9. Hotels and restaurants
10. Construction and quarrying

Smaller sectors in brief

11. Other community, social and personal services
12. Electricity, gas and water supply
13. Manufacturing
14. Agriculture and forestry and fishing

I. International Business

Overview

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	2008	2009	2010
Total Market Size ¹	4, 761	4,431	4,287
Total Local Production ² (BD\$)	2,206,177,423	2,088,671,891	2,027,730,052
Total Exports	n/a	n/a	n/a
Total Imports (est, BD\$)	44,443,371	n/a	n/a
Imports from the U.S. (est, BD\$)	33,093,122	n/a	n/a

¹ Number of filled jobs

² Calculated at current market prices

³ Not available

The international business sector contributes an estimated \$1.5 billion to the economy annually. International business is one of the top service industries in Bermuda, however, Bermuda's Department of Statistics does not recognize the international business sector as a resident industry. While the businesses are domiciled on the island, they are treated as if they are overseas. This practice is in line with similar jurisdictions who are host to large international business sectors. By law, international (exempt) businesses registered in Bermuda are not permitted to sell their products to residents. Ironically, they are the largest group of employers and the largest contributors to GDP growth. The private sector and government have focused the country on using its capital, intellectual resources and creativity to create a major insurance/reinsurance center.

Best Prospects/Services

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Bermuda's international (exempt) business sector excels in insurance, reinsurance, investment holdings, mutual funds, and insurance captives. Contributions to this sector also emanate from the trading operations of security and commodity brokerage, shipping, and consultancy.

Opportunities

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Current opportunities for U.S. investors are in insurance, reinsurance, investment holding, mutual funds and insurance captives. This strong market is expected to thrive well into the future. The Government of Bermuda has recently announced the launch of Islamic financial products in and from Bermuda.

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Association of Bermuda Insurers & Reinsurers: www.abir.bm

Bermuda Monetary Authority: www.bma.bm

Business Bermuda: www.businessbermuda.org

Ministry of Finance: www.gov.bm

Registrar of Companies: www.roc.gov.bm

II. Real Estate and Renting Activities

Overview

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	2008	2009	2010
Total Market Size ¹	625	606	574
Total Local Production ² (BDA\$)	1,277,898,185	1,335,798,115	1,310,640,516
Total Exports	n/a	n/a	n/a
Total Imports (est, BDA\$)	13,943,932	n/a	n/a
Imports from the U.S. (est, BDA\$)	10,382,836	n/a	n/a

¹ Number of filled jobs

² Calculated at current market prices

³ Not available

The majority of output in this sector is generated by the real estate activities of both residential and commercial properties owned or leased by the government and the private sector. Real estate agents sell and rent properties and assist those looking to buy. A limited supply in upper and middle markets keeps rental prices high compared to other developed countries and is closely monitored by the government due to the lack of developable land. Rental prices in the lower market remain steady. The average price in 2011 for a luxury home was \$7.4 million, the average price of a single-family home was \$1.3 million; and condominiums hit an all time low of \$473,000. The GOB enacted a law that non-Bermudians may only purchase residential properties over a certain value from other non-Bermudians. Bermudians may only sell to other Bermudians; however they can purchase homes from anyone they wish. The intent in separating the two pools of housing is for non-Bermudian home ownership to decrease. There are no restrictions on leasing property for non-Bermudians, i.e., they may lease or rent from whomever they like.

Best Prospects/Services

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The best prospects in real estate and renting activities are in fractional ownership properties (standard hotel structures and condominium complexes), hotel development/management, educational facilities both in the private and public sector, and brokerage of luxury and executive properties.

Opportunities

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The 2011 yearend report noted that at least \$35 million worth of luxury homes for the internationally affluent have sold in Bermuda in just the first six months of the year. Realtors noted that more multi-million-dollar properties had sold in 2011 than in all of 2009 and 2010. The same is not true for the sale of homes to Bermudians. Although opportunities in this sector have slowed, overall, there is still activity in the construction of affordable housing.

Resources

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Ministry of the Environment, Planning, & Planning & Infrastructure

Bermuda Land Development Company
P.O. Box DD 221

2nd Floor, FB Perry Building
40 Church Street, Hamilton HM 12
Tel: (441) 298-7445 fax (441) 292-8397
Website: www.gov.bm

St. David's, DD BX Bermuda
Tel:(441) 293-5712 / Fax: (441) 293-5714
Website: www.blde.com

III. Financial Intermediation

Overview

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	2008	2009	2010
Total Market Size ¹	2, 907	2,781	2,741
Total Local Production ² (BDA\$)	1,230,728,837	932,116,540	986,976,626
Total Exports	n/a	n/a	n/a
Total Imports (est, BDA\$)	81,093,068	n/a	n/a
Imports from the U.S. (est, BDA\$)	60,081,313	n/a	n/a

¹ Number of filled jobs

² Calculated at current market prices

³ Not available

This sector reflects the output produced by the local international business sector which remains strong. Bermuda's financial intermediaries - investment funds, trusts, pension fund administration, collective investment schemes, hedge funds, and banking - are highly respected and have historically performed well in the global and local markets. In 2009, the decline in output produced in the international business sector negatively impacted the financial intermediation sector which dropped by 27.5%. However, international business expenditures on financial services lead to a 2.2% increase in 2010.

Best Prospects/Services

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The best prospects for U.S. investment in the financial intermediation/ management are in investment funds, trusts, pension fund administration, collective investment schemes, hedge funds, and banking.

Opportunities

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There is no information on specific investment opportunities at this time.

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Bermuda Monetary Authority: www.bma.bm
Business Bermuda: www.businessbermuda.org
Ministry of Finance www.gov.bm
Registrar of Companies: www.roc.gov.bm

IV. Business Activities

Overview

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	2008	2009	2010
Total Market Size ¹	4, 326	4,197	4,033
Total Local Production ² (BDA\$)	750,090,255	739,506,406	720,959,152
Total Exports	n/a	n/a	n/a
Total Imports (est, BDA\$)	29,376,885.3	n/a	n/a
Imports from the U.S. (est, BDA\$)	21,874,418.1	n/a	n/a

¹ Number of filled jobs

² Calculated at current market prices

³ Not available

The business services sector supports international businesses in Bermuda. The steady decline in output from the international business sector caused a similar decline in the business services sector however this sector is expected to continue to remain relatively stable.

Best Prospects/Services

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Best prospects in this sector includes accounting, legal, management, engineering, architectural and computer services.

Opportunities

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Best opportunities in this sector are in accounting, legal, and management services. Engineering and architectural services and many computer services are being outsourced to other countries such as Canada and the United States. GOB regularly seeks vendors to contract business services (visit the Government of Bermuda online at: www.gov.bm).

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Bermuda Association of Professional Engineers: www.bape.bm

Bermuda Bar Association: www.bermudabar.org

Bermuda Monetary Authority: www.bma.bm

Bermuda Business Directory: www.netlinkbermuda.com/doingbus.htm

Business Bermuda: www.businessbermuda.org

Certified General Accountants Association of Bermuda: ph: (441) 295-1393

Fax: (441) 239-4011

Government of Bermuda: www.gov.bm

Institute of Bermuda Architects: www.iba.bm

Institute of Chartered Accountants of Bermuda: www.icab.bm

V. Education, Health & Social Services

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	2008	2009	2010
Total Market Size ¹	3, 279	3,624	3,625
Total Local Production ² (BDA\$)	549,722,346	575,225,534	612,891,624
Total Exports	n/a	n/a	n/a
Total Imports (est, BDA\$)	57,813,038	n/a	n/a
Imports from the U.S. (est, BDA\$)	43,359,778	n/a	n/a

¹ Number of filled jobs

² Calculated at current market prices

³ Not available

The sector includes activities in public and private educational institutions, private health and social service agencies.

Health: Bermuda's health care system is comprised of public and a private sector. The Ministry of Health is responsible for health matters in Bermuda. The Ministry is mandated to promote and protect the health and well-being of the island's residents and is charged with assuring the provision of health care services, setting standards, and providing coordination within the health care system. The health care system is financed through a variety of mechanisms. Health services are either paid through an insurer, by a government agency, or by the consumer. There is no universal, publicly funded health insurance, although hospitalization insurance is mandatory for all employed or self-employed persons. Both employers and employees contribute an equal share of insurance premiums.

Education: Education is free in public schools and compulsory up to age 16. All education in Bermuda, whether at a Bermuda government funded/taxpayer-supported school (a public school) or private school, is administered and controlled by the Bermuda Government's Ministry of Education.

Social rehabilitation/services: Social services in Bermuda are under the jurisdiction of the Ministry of Youth, Families and Sports, Department of Child and Family Services. The department is responsible for providing day care services, care and protection services for children, residential and counseling services for adolescents, and in addition to assisting recipients of government financial assistance in moving from financial dependence to economic independence via training, employment and supportive services. Court Services, under the jurisdiction of the Attorney General & Ministry of Justice, provides enhanced programs, services and resources through effective case management, referrals, supervision, monitoring, community partnering, and treatment regimes.

Best Products/Services

Bermuda employs a number of professionals in the fields of education, health care and social services; and actively recruits expatriates from the U.S., Canada, U.K, and other countries to fill various vacancies.

Opportunities

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The healthcare industry is a sector ripe for U.S. investment due to the fact that all supplies and equipment must be imported from overseas. The King Edward Memorial Hospital is currently the main generator of revenue in the construction industry and is slated for completion in 2014. Job creation, education and training are top priorities in FY 2012 for the GOB. Current projects include the development of a One-Stop Career Center and a career education program called Career Pathways.

Resources

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Ministry of Youth, Families
& Sports
2nd Floor F.B. Perry Building
40 Church St.
Hamilton HM 12
Tel: (441) 295-3670
Website: www.gov.bm

Ministry of Education
Dundonald Place, 14 Dundonald Street
Hamilton, HM 09
P.O. Box HM 1185
Hamilton, HM EX
Tel: (441) 278-3300
Fax: (441) 278-3348
Website: www.gov.bm

Ministry of Health
Continental Building
25 Church Street
Hamilton, HM 12
P.O. Box HM 380
Hamilton, HM BX
Tel: (441) 278-4900
Fax: (441) 292-2622
Website: www.gov.bm

Attorney General & Ministry of Justice
4th Floor Global House
43 Church Street
Hamilton, HM 12
Tel: (441) 292-2463
Fax: (441) 292-3608
Website: www.gov.bm

VI. Wholesale, Retail Trade & Repair Services

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	2008	2009	2010
Total Market Size ¹	4, 766	4,752	4,658
Total Local Production ² (BDA\$)	625,912,998	603,616,005	595,942,945
Total Exports	n/a	n/a	n/a
Total Imports (est, BDA\$)	79,436,052	n/a	n/a
Imports from the U.S. (est, BDA\$)	59,149,136	n/a	n/a

¹ Number of filled jobs

² Calculated at current market prices

³ Not available

Due to geography the vast majority of products purchased by consumers in Bermuda are imported, mostly from the U.S. Wholesale distributors are known for supplying retail stores and restaurants with high quality merchandise from both sides of the Atlantic. Wholesale activity remained fairly flat in 2010 with a 0.2 percent dip in value added. The retail trade sector is heavily dependent on resident and visitor spending and is closely correlated to the global economy as a whole.

Best Prospects/Services

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The best prospects for U.S. investment are in the wide variety of goods needed: food, clothing, grocery items, health and beauty supplies, restaurant supplies, automobile and motorcycle parts, hardware goods, household appliances and pharmaceuticals, to name a few.

Opportunities

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The importation of food, health, beauty and pharmaceuticals products remains steady, however retail sales of motor vehicles, office equipment and household appliances failed to recover from the economic downturn in 2009. Repair services appear to be dependent on local need and declined by 1.7 percent in 2010. The Government of Bermuda is promoting the use of energy efficient products and technology and duty has been reduced in most cases to zero.

Resources

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Bermuda Chamber of Commerce: www.bermudacommerce.com

Bermuda Yellow Pages: www.bermudayp.com

Registrar of Companies: www.roc.gov.bm

VII. Public Administration

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	2008	2009	2010
Total Market Size ¹	4, 223	4,318	4,296
Total Local Production ² (BDA\$)	511,861,069	534,423,802	556,975,661
Total Exports	n/a	n/a	n/a
Total Imports (est, BDA\$)	165,475,374	n/a	n/a
Imports from the U.S. (est, BDA\$)	123,215,155	n/a	n/a

¹ Number of filled jobs

² Calculated at current market prices

³ Not available

The Bermuda Government is Bermuda's largest single employer, spender and revenue earner. Forty seven paid legislators represent an estimated 38,500 registered voters, a ratio of legislators to voters more than twelve times higher than the average equivalent in virtually any other country. More than 13 percent of Bermuda's entire workforce is employed directly or indirectly by the GOB. In 2010, the government workforce (excluding the Government-owned quangos or quasi NGO) exceeded 4,296 within an area less than 21 square miles. According to the Royal Gazette, 3 Ministries within the GOB spent approximately BMD 30 million on 130 consultants from 2008 to 2009.

Best Products/Services

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The GOB offers tenders for bid for Government consultants/advisor services and usually pertains to skilled or technical assistance which is not present in the local pool. The tenders for bid are advertised locally in the Official Gazette section of the Bermuda Sun.

Opportunities

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Currently, the Bermuda Government is developing a One-Stop Career Centre focusing on education, training and social programs. A career program called Career Pathways is also being developed and slated for completion in September 2012. This program will help Bermudians students with college prep and entering the workforce.

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Bermuda Sun www.bermudasun.bm
 Government of Bermuda www.gov.bm
 Royal Gazette www.royalgazette.com

VIII. Transport & Communications

Overview

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	2008	2009	2010
Total Market Size ¹	2, 602	2,471	2,322
Total Local Production ² (BDA\$)	545,518,239	524,669,404	503,421,124
Total Exports	n/a	n/a	
Total Imports (est, BDA\$)	76,768,997	n/a	
Imports from the U.S. (est, BDA\$)	57,163,212	n/a	

¹ Number of filled jobs

² Calculated at current market prices

³ Not available

Although Bermuda is relatively small in size, transportation and communication services are critical industries due to the islands physical isolation.

Transportation: The Ministry of Transportation is responsible for the administration of the Departments of Civil Aviation, Airport Operations, Marine & Ports Services, Maritime Administration, Transport Control Department and the Public Transportation Board. The transportation sector was hit hard by the increased cost of fuel yet tried to maintain reasonable rates to retain customers. The Bermuda aircraft registry remains steady with more than 600 aircraft currently on its registry. The aircraft are registered by foreign nationals but are not allowed to operate in Bermuda in the transportation of residents or visitors. Most are new, sophisticated and technically advanced corporate jets, owned by very high net worth individuals.

(Tele) communications: The Department of Telecommunications oversaw the introduction of competition to Bermuda's telecommunications industry, making this one of the world's first small countries to break the stranglehold of monopolies on long distance and local telecommunications. As a result of the government's action, the cost of long-distance calls was significantly reduced. Bermuda's internal telephone system is 100% digital, with fiber optic trunk lines. The overseas links are fiber optic cables, and there is considerable redundancy built into the system to negate the effect of faults. Postal services fall under the jurisdiction of the GOB, and most well known courier services are already represented here (DHL, Federal Express, UPS, IBC, ZipX).

Best Products/Services

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Best products and services for U.S. investment include: aircraft, buses, ferries, motor vehicles, postal and courier services, and telecommunication technology and equipment.

Opportunities

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The Government of Bermuda may be looking to develop a public-private partnership which will improve the infrastructure at the L.F. Wade International Airport, namely building out capacity to take control of Bermuda's commercial airspace. Also, the local telephone company is seeking to upgrade it's phone system to a broadband fiber optic system.

Resources

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Ministry of the Environment, Planning & Infrastructure Strategy
(Department of Telecommunications)
F.B. Perry Building
2nd Floor, 40 Church Street
Hamilton, HM 12
Tel : (441) 298-7445 / Fax (441) 292-8397
www.gov.bm

Ministry of Transportation
TCD Building
11 North Street
Hamilton HM 11
Ph: (441) 295-3130 / Fax: (441) 295-1013
www.gov.bm

Department of Communication & Information
Global House
43 Church Street
Hamilton HM 12
Ph: (441) 292-5998 / Fax: (441) 295-5267
www.gov.bm

IX. Hotels and Restaurants

Overview

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	2008	2009	2010
Total Market Size ¹	4, 869	4,674	4,349
Total Local Production ² (BDA\$)	565,381,730	487,766,471	490,638,049
Total Exports	n/a	n/a	n/a
Total Imports (est, BDA\$)	339,523,476	n/a	n/a
Imports from the U.S. (est, BDA\$)	252,813,676	n/a	n/a

¹ Number of filled jobs

² Calculated at current market prices

³ Not available

Hotels: Despite fewer hotel rooms being sold in 2010, hotel occupancy rates averaged 54% which represents an increase of 5.7% or BDA 16.5 million. Major hotels experienced the highest rate of occupancy in 2010 at 58.3%, smaller hotels at 52.9% and cottage colonies at 37.6%. However, fueled by a productive cruise season, total visitor arrivals to Bermuda in 2010 rose 4.7%. American air passengers make up nearly three-quarters of all tourists visiting Bermuda.

Restaurants: Bermuda's population enjoys eating out year round, although the general economic downturn impacted negatively on the operational activity of restaurants and bars sales. Total value added increased by 1.9% in 2010 due to an estimated USD 12 million increase in expenditure by air and cruise passengers. The United States is the island's leading trading partner, accounting for approximately 75% of all food imports.

Best Prospects/Services

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Best prospects currently lie in the development/construction of hotels, resorts; provision of construction and hotel equipment and materials; and the export of food and restaurant equipment to establishments.

Opportunities

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Currently there are several large hotel/resort projects (i.e. Starwood's St. Regis hotel, Rosewood's Tuckers Point, Morgan's Point) proposed for construction/expansion but due to the current economic situation they have yet to move forward. The Government is currently in talks with developers and unions to bring down the costs of building new hotels.

Resources

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Bermuda Chamber of Commerce: www.bermudacommerce.com

Bermuda Department of Tourism: www.bermudatourism.com/index.aspx

Bermuda Hotel Association: www.experiencebermuda.com

X. Construction, Mining & Quarrying

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	2008	2009	2010
Total Market Size ¹	3, 649	3,488	3,042
Total Local Production ² (BDA\$)	732,612,002	616,734,126	498,069,696
Total Exports	n/a	n/a	n/a
Total Imports (est, BDA\$)	90,624,678	n/a	n/a
Imports from the U.S. (est, BDA\$)	67,480,335	n/a	n/a

¹ Number of filled jobs

² Calculated at current market prices

³ Not available

Bermuda's construction industry has slowed considerably since 2009. The value of new construction projects started in 2010 totaled \$156.6 million, representing a 20% drop compared to 2009 levels. Hotel developments, commercial properties, and large scale housing projects have diminished across the island resulting in many third country national construction workers being laid off. Although there is some local limestone quarrying in Bermuda used primarily for roofing, it does not factor greatly into the GDP. Mining, either land based or offshore, is currently non-existent.

Best Prospects/Services

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Best prospects in the construction sector lie in the development of hotels, affordable housing, educational facilities (private and public sector), airport works, docks, bridges and mixed residential/commercial properties. U.S. businesses can export construction materials directly into Bermuda without needing to go through a wholesaler. Businesses should contact local construction firms or the Bermuda Construction Association for any opportunities.

Opportunities

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Current government projects include the new King Edward Memorial Hospital, national swim complex, x-ray facility at the Hamilton docks and affordable housing complexes. The Tynes Bay Waste Treatment Facility expansion is on hold.

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Ministry of Public Works
Post Office Building
56 Church Street
Hamilton HM 12
Tel: (441) 293-5712
Fax: (441) 293-5714
Web Site: <http://www.bldc.com>

Bermuda Construction Association
P.O. Box M 328
Hamilton, HM AX
Tel: (441) 292-0633
Fax: (441) 292-0564
Website: www.constructionbermuda.com

XI. Smaller Sectors In Brief

I. Other Community, Social & personal services

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Other community, social and personal services account for approximately 2.0 % of the total GDP. These services include:

- Sewage and refuse disposal; sanitation and similar activities
- Membership organizations activities (i.e. fundraising)
- Recreational, cultural and sporting activities (i.e. Bermuda Musical Festival, Bermuda Festival of the Arts, recreational water activities)
- Private households with employed persons (i.e. nannies, private nurses, gardeners, maids etc.)
- Other service activities.

Sewage/refuse and cultural/sporting activities usually fall under the administration of the Bermuda Government. Investments in this sector would require a tender to bid, work permit, or other documentation.

Resources

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Government of Bermuda: www.gov.bm

Listing of organizations: www.bermuda-online.org/businessorgs.htm

II. Electricity, Gas & Water Supply

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Electricity: The majority of electricity in Bermuda is produced by BELCO (Bermuda Electric Light Company Limited) from imported oil and is very expensive compared to U.S., Canada, United Kingdom and Europe. BELCO is a government-legislated monopoly and is a local commercial joint stock company of which a majority is owned by Bermudian shareholders. The Tynes Bay Waste Treatment facility provides some electricity to the island by incinerating local garbage and converting this product into electricity which it sells back to BELCO. In 2009/2010, the Government of Bermuda reduced, in some cases to zero, the customs tariff duty on certain renewable energy and energy efficient technologies brought into Bermuda and the use of solar energy is slowly growing. Currently, there a number of studies looking into solar, wave and wind technologies as potential alternative sources of energy in Bermuda. The GOB continues to develop “green” energy policies and incentives for investors to promote “green” technology on the island.

Gas: The only two retailers allowed to offer gasoline and oil in Bermuda are U.S.-based ExxonMobil (trading in Bermuda as Esso) and the British-Dutch Shell Oil Company. There is no competition between Esso and Shell. The Bermuda Government sets the price per liter of petroleum products.

There are two local companies that provide Bermuda with household gas (propane only): Bermuda Gas, which purchases its propane from Shell, and Sunshine Gas. Bermuda Gas (Belco Holdings) is publicly owned and investors can purchase stock through the Bermuda Stock Exchange (BSX). Bermuda Bulk Gases and Pure Air Gases supply medical and industrial gas, which is purchased directly from the United States.

Water: Bermuda has a very unique water supply system. Much of the water is collected on roofs and stored in tanks under the buildings. To supplement rain water, consumers can purchase water from truckers. Water truckers buy it from one of the Bermuda Government reservoirs or Bermuda Government-owned sea water distillation or reverse osmosis plants. Imported bottled water is very much in demand. It comes from - alphabetically - the Azores, Belgium, Canada, France, Iceland, Italy, United Kingdom and the U.S. In 2010, stores imported approximately BMD \$3.0 million worth of bottled water with approximately 1/2 coming from the U.S.

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Bermuda Gas: www.bermudagas.bm

Bermuda water dealers: www.bermudayp.com

Bermuda Stock Exchange: www.bsx.com

Ministry of Transport, Ministry of Public Works, Department of Energy: www.gov.bm

III. Manufacturing

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Manufacturing in Bermuda makes up a small portion of the GDP. Goods are locally produced, but often use raw materials imported from overseas. Exporting goods needed to supply this sector may be of interest to U.S. business people. In 2010, \$26.6 million worth of merchandise exported from Bermuda.

Products produced include:

- food and beverage products (i.e. Barritts beverages, Goslings rum, Gombey Pepper Jam)
- textiles and upholstery (i.e. residential, commercial, auto, marine)
- carpentry and wood products
- publishing & printing
- paints (i.e. Bermuda Paint Co. only)
- perfumes (i.e. Bermuda Perfumery only)
- metal work (ornamental and decorative)
- dairy farming – (Dunkley's Dairy only)
- jewelry design

The carpentry, wood, jewelry, and clothing products produced in Bermuda would be considered a 'cottage industry' (home based vs. factory based) by industry standards.

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Bermuda Yellow Pages: www.bermudayp.com

Chamber of Commerce: www.bermudacommerce.com

IV. Agriculture, Forestry and Fishing

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A tiny quantity of agriculture, forestry, and fishing activities occurs locally in Bermuda. While there is no an opportunity to invest directly in this sector, many products must be imported onto the island. Landscaping is the largest component within the agriculture, forestry and fishing industry. In 2011 the GOB restricted the number of work permits available for non-Bermudians in this field.

Agriculture: Agriculture does not play a significant role in Bermuda's economy. Only a very small area of land is under cultivation. Food supplies are mostly imported from the U.S. and Canada, and dairy products and goods are imported from a variety of countries including the U.S., Canada, United Kingdom, Republic of Ireland and New Zealand. Bermudian farmers do provide eggs, milk, bananas, grapefruit, oranges, and other fruits and vegetables. When certain locally grown fruits and vegetables are in season (and premium priced), temporary embargoes are placed on the importation of competing produce to allow local farmers to make a decent livelihood. There is also some cultivation of flowers for the local market. Many indoor and outdoor plants are imported into Bermuda for resale by the local nurseries; however, the Department of Environmental Protection has tight restrictions to control/prevent the importation of harmful pests and diseases.

Forestry: There is little forestry in Bermuda. Any cultivation of trees is closely regulated by the Ministry of the Environment under the 1986 Bermuda National Parks Act and the 1988 Bermuda National Parks Regulations. Most wood and lumber products are imported from the U.S. and Canada (i.e. Christmas trees).

Fisheries: Bermuda's fisheries' contribution to the GDP is comprised of what local fishermen sell to the public, local restaurants, grocery stores; and international fishing tournaments. Fish and seafood are also imported for consumer consumption through local wholesalers. For more information on fishing restrictions and how to obtain fishing licenses please contact the Department of Environmental Protection in the Ministry of the Environment, Planning and Infrastructure Strategy.

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Ministry of the Environment, Planning & Infrastructure Strategy: www.gov.bm

Ministry of Public Works: www.gov.bm

Department of Environmental Protection: www.gov.bm

Chapter 5: Trade Regulations, Customs and Standards

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- [Import Requirements and Documentation](#)
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Import Tariffs

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Bermuda has adopted the International Harmonized System 2007 as the basis for its Customs Tariff which consists of a list of special codes for every type of imported product which provides Customs Officers the rate of customs or import duty on the item. The Simplified Customs Tariff (SCT) is included within the main Customs Tariff document and applies to some imported goods and helps to simplify the declarations process. H.M. Customs – Bermuda is responsible for the collection of import tariffs, which make up approximately 25% of the Bermuda Government's revenue. Customs officers work throughout Bermuda at the official ports of Hamilton, St. George, Oil Docks, Bermuda International Airport, and Ireland Island, also known as Dockyard.

The Department's main office is located in Hamilton where officers are involved in processing Bermuda Customs Declarations for arriving air and ocean freight and control the movement of passengers and cargo. Bermuda Customs also has a number of specialist teams who work jointly with the Bermuda Police Service in combating the cross-border movement of illicit drugs, contraband, and the proceeds of crime.

Bermuda has adopted the WTO Valuation rules (GATT) as the basis for valuing imported goods for duty purposes. Customs duty is normally calculated on an ad valorem basis, generally on the transaction value of imported goods. The most common rate is 22.25%, although most food items have a lower rate of 5% - 15%. Customs duty relief is available for materials used in local manufacturing. Certain 'luxury' items such as boats and cars, incur duty at much higher rates. The most common rate for accompanied personal goods of persons arriving in Bermuda by air or sea is currently 35% of the transaction value. One household member receives \$100 duty free baggage allowance on each trip abroad. Visitors are entitled to a \$30.00 gift allowance once every 31 days. There are also allowances available to visitors and residents on alcohol and tobacco- every passenger may claim 1 liter of wine, 1 liter of spirits, 200 cigarettes, 50 cigars, ½ kg of tobacco duty free per arrival. In 2010, GOB reduced the import duty on some energy efficient goods and some goods for use in harnessing power from renewable energy resources.

Currently, there is a proposal to harmonize the duty rate for the importation of personal goods at all ports of entry to 25% and to increase the duty free baggage allowance at the L.F. Wade International Airport to \$200 per person on each trip abroad.

Trade Barriers

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There are currently no specific trade barriers between the United States and Bermuda.

Import Requirements and Documentation

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All articles being imported or exported are subject to inspection by customs and/or the relevant statutory authority (e.g. the Police or other government agencies).

A Bermuda Commercial Declaration Form (BCD) must be used to declare goods for resale, commercial samples, or goods bought on commission or as an accommodation for any other person.

Every traveler arriving in Bermuda must complete a Customs Traveller Declaration form. Returning residents must declare all goods and are allowed up to \$200 BDA duty free allowance per person per trip. Visitors must also declare all goods, and are entitled to a \$30 duty free allowance every 31 days per trip. Duty must be paid on any imported goods not covered by a duty free allowance.

Travelers must declare the value of imported goods in Bermuda dollars. Exchange rate information for currencies other than the U.S. dollar is available from H.M. Customs. The U.S. dollar may be used to purchase goods and services in Bermuda. The Bermuda dollar is pegged 1:1 to the U.S. dollar.

All animals arriving in Bermuda must be accompanied by an Import Permit issued in advance by the Department of Environmental Protection – www.gov.bm.

U.S. Export Controls

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The U.S. Departments of State, Commerce, Homeland Security, Treasury, Defense, and Energy each play a critical role in export control and nonproliferation activities both within the United States and outside its borders. The U.S. Export Administration Regulations (www.gpo.gov/bis/ear/ear_data.html) provides important information to exporters.

Temporary Entry

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Some goods may be imported on a temporary basis without the payment of customs duty. Goods imported for short periods of time (e.g. tools of trade) must have a monetary security placed with customs prior to being released. Qualifying goods may be found in the 6th Schedule of the Bermuda Customs Tariff (www.customs.gov.bm). Some restrictions apply and proper export procedures must be followed in order to obtain a refund of the financial security. Any goods which remain in Bermuda are subject to import duty at the appropriate rate. If the goods are sold or otherwise disposed of without authorization from the Collector of Customs, the goods are liable to forfeiture and the importer is liable for a monetary penalty of up to BDA \$12,000. Goods re-entering Bermuda within 5 years of purchase on a warranty or non-warranty basis for repair will not be charged duty provided that proof of purchase is provided.

Labeling and Marking Requirements

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Bermuda follows the same labeling and marking requirements as the U.S. and the U.K. The foreign food labels must be applied prior to import into Bermuda. The Public Health Act provides for the regulation and enforcement of food labeling legislation.

Food labeling legislation does not apply to locally produced or manufactured goods. The Department of Health and the Department of Consumer Affairs are in the process of drafting food labeling legislation for locally produced products. To date local producers have been operating under a voluntary agreement of understanding to put the minimum information on the labels such as:

- Name of product
- Name of manufacturer or distributor
- Address and contact number of manufacturer or distributor
- List of all ingredients in descending order of quantity
- Additives- natural or artificial
- Net quantity of the food (by weight if solid, by volume if liquid)

No person shall import into Bermuda any food:

- a) which has been manufactured or prepared under unsanitary conditions; or
- b) which has been adulterated; or
- c) which is not permitted to be sold, or whose sale is restricted in the country from which it is exported.

For more information please contact the Department of Health (www.health.gov.bm) and the Department of Consumer Affairs (www.ca.gov.bm).

Prohibited and Restricted Imports

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The following is a list of prohibitions and restrictions on imported and exported items:

- Animals – live, prohibited, endangered species
- Arms, ammunitions, explosives – armaments and weapons of war, explosive substances and fireworks, firearms, weapons
- Building sand, crushed rock, gravel, peat and synthetic potting media
- Controlled chemicals
- Foodstuffs – embargoed produce, fish, lobster, meat, milk
- Fumigating substances – restricted to licensed fumigators
- Gaming machines
- Historic articles (relating to Bermuda) – this is an export restriction
- Lottery advertisements and material – foreign lotteries are banned
- Motorcycles
- Motor vehicles
- Obscene publications
- Organotin or tributyltin anti-fouling paint
- Petroleum – restriction on storage only
- Plants, plant material, fruits and vegetables (living or dead, including seeds)
- Pesticides

- Prescription drugs
- Prohibited publications
- Seditious publications
- Soil
- VHF radios, radar and CB radios – license required to operate

Permission to import or export these items must be sought from the appropriate Ministry (for example, soil – Ministry of Environment, Planning & Infrastructure; www.gov.bm).

Customs Regulations and Contact Information

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Information on customs regulations may be found in the sections on Import Tariffs and Import Requirements and Documentation.

For additional information please contact:

H.M. CUSTOMS

P.O. Box 2084

Custom House

40 Front Street

Hamilton HM HX

Bermuda

Telephone: (441) 295-4816

Fax: (441) 295-5392

Email: customs@gov.bm

Webpage: www.gov.bm

Standards

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Although there are no official trade standards organizations in Bermuda at this time, the Department of Consumer Affairs currently oversees product standards. Standards are based upon the country of origins standards (i.e., U.S., U.K., and Canada) and the U.S. Consumer Products Safety Commission (CPSC) regulations. Existing standards can be found online on the Bermuda Laws website (www.bermudalaws.bm) under the Consumer Protection Act 1999 and the Sales of Goods Act 1978. The Consumer Affairs office in Bermuda can answer any questions about standards or conformity assessments in Bermuda (www.ca.gov.bm). Safety standards fall under Bermuda's Consumer Protection Act and products must be able to be sold in the U.S., U.K. or Canada before being sold in Bermuda.

Standards Organizations

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For information regarding standards in Bermuda, please contact the Consumer Affairs office. There is no plan at this time to develop an annual plan of standards.

Consumer Affairs
2nd Floor, Ingham & Wilkinson Building
129 Front Street
Hamilton, HM 12
Bermuda
Phone: (441) 297-7627
Fax: (441) 295-6892 Website: www.ca.gov.bm

National Institute of Standards and Technology (NIST) Notify U.S. Service

Bermuda, as an overseas territory of the U.K., is not a member of the World Trade Organization (WTO). Member countries of the WTO are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity assessment: Bermuda has the same standards as the U.S., U.K. and the Canada. The National Center for Standards and Certification Information (NCSCI) at the National Institute of Standards and Technology (NIST) in the U.S. Department of Commerce provides information on U.S. and foreign standards, technical regulations, and conformity assessment procedures for non-agricultural products. NCSCI staff responds to requests for information by identifying relevant standards and regulations, and by referral to the appropriate standards-developers or private-sector organizations. Under copyright restrictions, NCSCI cannot provide copies of standards, but NCSCI does provide sources for accessing standards.

Product certification: Bermuda has the same standards as the U.S., U.K. and Canada. If the product is able to be sold in the U.S., U.K. or Canada then it may be sold in Bermuda. Food and pharmaceuticals certification and tobacco licensing must be cleared by the Bermuda Department of Health. There are no mutual recognition agreements (MRAs) with U.S. organizations at this time.

Accreditation: There are no official accreditation bodies in Bermuda. Many products and services utilize U.S., U.K. or Canadian accreditation bodies. The Bermuda Monetary Authority vets all financial institutions wishing to do business with Bermuda. The Chief Medical Officer at the Bermuda Department of Health keeps a register of clinical laboratories which are accredited in the U.S., U.K. and Canada.

Labeling/marketing requirements: Bermuda follows the same labeling and marking requirements as the U.S. and the U.K. The foreign food labels must be applied prior to import into Bermuda. The Public Health Act provides for the regulation and enforcement of food labeling legislation.

Food labeling legislation does not apply to locally produced or manufactured goods. The Department of Health and the Department of Consumer Affairs are in the process of drafting food labeling legislation for locally produced products. To date local producers have been operating under a voluntary agreement of understanding to put the minimum information on the labels such as:

-Name of product

- Name of manufacturer or distributor
- Address and contact number of manufacturer or distributor
- List of all ingredients in descending order of quantity
- Additives- natural or artificial
- Net quantity of the food (by weight if solid, by volume if liquid)

No person shall import into Bermuda any food:

- a) which has been manufactured or prepared under unsanitary conditions; or
- b) which has been adulterated; or
- c) which is not permitted to be sold, or whose sale is restricted in the country from which it is exported.

For more information please contact the Bermuda Department of Health (www.health.gov.bm) and the Bermuda Department of Consumer Affairs (www.ca.gov.bm).

Publication of technical regulations: Can be found under the appropriate legislation at www.bermudalaws.bm (i.e. food regulations under the Health Act, vehicle regulations under the Motor Car Act).

Trade Agreements

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The WTO (World Trade Organization) Agreement does not apply to Bermuda as it is a British Overseas Territory. Bermuda has adopted the 2007 International Harmonized System 2007 as the basis for its Customs Tariff and the WTO Valuation rules (GATT) as the basis for the valuation of imported goods for duty purposes. Bermuda has been a member of the World Customs Organization since 1990. Bermuda is an associate member of Caricom (Caribbean Community).

Web Resources

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Bermuda Laws Online: www.bermudalaws.bm
Consumer Affairs: www.ca.gov.bm
Department of Environmental Health: www.gov.bm
Department of Environmental Protection: www.gov.bm
Department of Health: www.health.gov.bm
H.M. Customs Bermuda: www.customs.gov.bm
U.S. Export Administration Regulations: www.access.gpo.gov/bis/

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Chapter 6: Investment Climate

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Overview of Foreign Investment Climate

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Bermuda is a major industry center for the world insurance and reinsurance market. With a Bermudian population of approximately 50,000 and an expatriate presence of roughly 14,000 living on a small group of islands approximately 21 square miles in size, Bermuda can be somewhat insular. This manifests itself in all facets of life: social, political and business. Foreign investors should be aware that Bermudians feel strongly about retaining the land for the citizens of Bermuda, guaranteeing Bermudians have first preference with regards to employment, and ensuring that the assets of Bermuda benefit Bermudians. Most Bermudians are either related, know one another or at a minimum know someone who knows another.

Despite its size, Bermuda's business and financial industries operate in a sophisticated and multinational environment. Bermuda's strength lies in its strong regulatory and legal systems. An Overseas Territory of the United Kingdom, Bermuda's systems adhere to current and high ethical standards and they are grounded in UK law. Since 1684, the Crown has appointed a Governor who is responsible for external affairs, defense, and internal security. In other matters, he or she acts on the advice of the cabinet. Bermuda has its own written constitution, giving its elected cabinet government almost complete self-determination in conducting local affairs and enacting its own legislation.

Openness to and Restrictions upon Foreign Investment

The Government of Bermuda (GOB) welcomes foreign direct investment and continually seeks to develop innovative new financial services and products that manage risk and facilitate the efficient flow of capital. Incorporating a company in Bermuda is a relatively straightforward, well regulated and efficient process.

Bermuda has a stable economy, democratic government, low personal and corporate taxes, close proximity to the United States with extensive air and communication networks, a relatively large pool of skilled professionals, and its currency is pegged to the U.S. dollar.

According to the Department of Statistics, the top five investment sectors in Bermuda are international business; real estate and rental activities; financial intermediation; business activities; and education, health and social work. During the first nine months of 2011, 624 new international companies and partnerships were registered on the island representing a 15.3 percent increase over the 541 companies that were registered during the same period in 2010. However, the accumulated number of international businesses on the register has actually decreased by 5.5 percent since 2010. While new company registrations showed a marked increase during the first three quarters of 2011, the number of companies in the process of being liquidated or removed from the register has more than doubled as compared to 2010. The worldwide economic slump continues to slow the pace of new companies coming to Bermuda. The Companies Act 1981 and its subsequent amendments predominantly affect foreign investment through acquisitions, mergers, takeovers, greenfield investments and the incorporation of companies.

When doing business in Bermuda, foreign investors should be aware of the 60/40 rule. To be classified as a "local company," where one is able to conduct business with the local population, a company must meet the three requirements of the 60/40 rule whereby Bermudians: 1) are the beneficial owners of at least 60 percent of the shares in the company, 2) exercise at least 60 percent of the total voting rights in the company, and 3) make up at least 60 percent of the directors of the company.

Many insurance and reinsurance companies opt to become exempt companies. An exempt company is one that is incorporated by non-Bermudians and domiciled in Bermuda but is exempt from the 60/40 rule. Exempt companies may be 100% owned by non-Bermudians. The term "exempt" has nothing to do with the concept of taxation, only ownership. (The tax system for both local and exempt companies is the same.) Nor does the terminology imply that the companies are subject to any less supervision, regulatory oversight, or fiscal rules than are local companies. In general, exempt companies are precluded from doing business with other companies in Bermuda and may not own real property in Bermuda (with a few exceptions created by individual acts of the legislature). However, exempt companies may deal with other locally-based exempt companies without restriction. Exempt companies may also buy their locally-needed necessities or services from local companies, such as accounting, banking, legal, management and office supply services.

Overseas and resident investors may form partnerships under the Partnership Act 1902. Partnerships are either local or exempted and may be general or limited. A local partnership is composed of Bermudian partners only and is permitted to conduct business locally and abroad. If one or more of the partners in a partnership is not Bermudian, then the partnership is considered an exempted partnership and may only conduct business outside Bermuda from a principal place of business within Bermuda. An overseas partnership formed outside Bermuda may, through the Bermuda Monetary Authority (BMA), apply to the Minister of Finance for a permit to operate in Bermuda or outside Bermuda from a place of business in Bermuda. These partnerships must appoint and maintain a resident representative on the island.

The ownership distinction between local and exempt companies may be starting to narrow. Companies with ownership of more than 40 percent by non-Bermudians wishing to carry on business in Bermuda may apply on a case-by-case basis to the Ministry of Finance for a license pursuant to the exemption provisions under 114B of the Companies Act. Many hotels and telecommunications companies fall into this category. In recent years, the Ministry of Finance waived the 60/40 ownership restrictions as they apply to three of the island's four banks. A factor contributing to this decision may have been Bermuda's desire to be in compliance with Organization for Economic Cooperation and Development (OECD) guidelines that seek to eliminate separate regulatory regimes for local and international companies. There is some indication that the insurance industry and financial services sector may also enjoy some liberalization in this regard in the future.

Bermuda scrutinizes who it will permit to engage in business in its country, and the vetting process undertaken in incorporating a business is straightforward, well regulated and efficient. The Bermuda Monetary Authority is the integrated regulator of the financial services sector in Bermuda and screens all potential foreign investments. Depending on the type of business being established, the Ministry of Finance, Registrar of Companies and/or the Tax Commissioner's Office may also become involved in the process. Because Bermuda seeks to distance itself from offshore jurisdictions that are considered tax or money laundering havens, the BMA has a list of criteria that companies must meet. At a minimum, the BMA requires: a copy of the company's most recent financial statements, a detailed business plan, the Memorandum and Articles of Association, equivalent documentation for non-incorporated bodies, copies of client agreements used or intended to be used for the business, personal questionnaires completed by all proposed institutional and/or individual controllers of the entity, a description of the group structure, an up-to-date chart for licensed institutions forming part of wider groups and a check for the application fee. By maintaining this standard, the BMA acts as the regulator for company incorporation. In October 2009, the BMA launched an automated e-filing and e-approval system for corporate registrations. The system enhances the existing process by improving the speed of processing applications, while maintaining the integrity of its application review procedures. Company incorporation may take as little as four weeks.

The BMA provides continuing supervision and regulation of all investment providers, which are required to submit regularly financial documentation and other information about their business. If this criterion has not been met or if there has been a failure to comply, then the BMA has the right to restrict or revoke the company's license. The BMA will notify the company, which then must initiate corrective action with the BMA within a period of 14 days. Under the Investment Business Act, the BMA may take several disciplinary actions: public censure, issuance of warning/ discontinuance notices, and, if required, winding up or dissolution of the company.

An investment provider that is aggrieved by a decision of the BMA may appeal the decision to a tribunal constituted in accordance with the Investment Business Act 2003, section 34. Bermuda's legal system, which has been in force since 1612, is based on English common law, and principles of equity as well as English statute law and the judicial system uphold the sanctity of contracts. Three courts preside in Bermuda: the Magistrates Courts, the Supreme Court and the Court of Appeal. The court of last resort in Bermuda's legal system is the Privy Council in London.

Opportunities to invest in privatization programs are minimal. In Bermuda, industries such as airports, tourism and transport, which have been privatized in many other countries, are controlled by the GOB. As the global economic slowdown continues to affect the economy in Bermuda, some see privatization as the means to affect government cost-savings. When such investment opportunities do arise, foreign investors are generally not treated differently than local investors in privatized projects. Interested parties are able to become involved once the project has been put up for tender in the Bermuda Sun (Official Gazette) where all relevant information is given. The Ministry of Public Works places its contract tendering system on its homepage for potential bidders to view. In 2009, the Bermuda Hospitals Board announced that it would adhere to Public-Private Partnership (PPP) Standards during the bidding process for redeveloping Bermuda's hospital.

Most franchises are generally not welcome in Bermuda; therefore, the GOB must give investors special permission to establish a franchise on the island. Franchise hotels are, however, an exception to this rule.

The outlook for the international business sector and financial services sectors remains strong. Although there has been some concern about the impact that proposed U.S. tax laws could have on Bermuda, this market remains open to potential investors.

Conversion and Transfer Policies

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The U.S. dollar is used and accepted in Bermuda side-by-side with the Bermuda dollar, which trades at par with the U.S. dollar. Both currencies are freely interchangeable and transferable without restriction; however, the BMA administers the Exchange Control Act 1972 (and regulations made there under) that states that no capital or exchange controls apply to non-residents or to the various forms of offshore entities (exempt or permit companies or partnerships), which are free to import and export funds in all currencies with a \$50,000 transfer limit. The BMA reviews all transfers on a case-by-case basis. No taxes apply to such transfers, and there is no withholding tax on interest, dividend or royalty payments. In practice, government consent is not required for Bermudians to hold foreign currency and assets. The regulations ensure the maintenance of local ownership and make sure that people coming in from other countries have been vetted and found credible and not at variance with world standards governing financial flows. In 2010, Bermuda passed the Foreign Currency Purchase Tax Amendment Act, which applies to the purchase of all non-local currencies including the U.S. dollar. The foreign currency purchase tax doubled from 0.5 percent to 1 percent per transaction. Businesses will also pay more tax on goods bought overseas and imported into Bermuda.

The BMA performs inspections prior to granting specific exchange control permission for the issue and transfer of registered securities in Bermudian companies to persons deemed non-resident for exchange control purposes. Additionally, the BMA must approve the issuance and transfer of securities of local and exempt companies unless listed on a stock exchange.

In 2009, Bermuda passed The Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Amendment Regulations 2009 authorizing the BMA to oversee all wire transfers. The legislation requires financial institutions to verify the accuracy and

completeness of the information on the payer/originator before transferring funds, retain complete records on the payor/originator of the fund transfer for a period of five years, and maintain effective procedures to detect whether complete information on the payor/originator is received with the wire transfer. The legislation specifies how the receiving institution should treat transfers with missing or incomplete information.

Generally, there are no major delays for remitting investment returns unless the entity needs approval from the BMA. Such approvals usually take less than 60 days.

In 2009, Bermuda updated the Revenue Act 1898 to strengthen the requirements relating to cross border transportation of currency and monetary instruments. The threshold for reporting is \$10,000. Mandatory declaration forms are used for all incoming passengers (regardless of point of embarkation) and for outgoing passengers to the U.S. For outgoing passengers to Canada and the UK there is a disclosure system in place.

Expropriation and Compensation

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Generally, there is no history or allowance for expropriation without just compensation in Bermuda, nor have there been any expropriatory acts towards U.S. investors in Bermuda. Expropriation is regulated by the Housing Loan Insurance (Mortgage) Regulations 1984 and the Municipalities Act 1923.

Dispute Settlement

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The Bermuda Monetary Authority is the primary entity involved in handling investment disputes in Bermuda. Despite the large amount of investment business in Bermuda, dispute resolution is seldom required.

As an Overseas Territory of the United Kingdom, Bermuda's courts and legal system are based on the English legal system and are effective at enforcing property and contractual rights. The rules of practice and procedure are very similar to those of England and there is no government/authority interference in the court system. Bermuda has a lower court, Magistrates Court, and an upper court, the Supreme Court, both of which could be involved in dispute settlement. There is an appellate court, the Court of Appeal, which is in session only at certain times of the year. There is also a procedure for appeals to the Privy Council of England and Wales. In addition, Bermuda has arbitration legislation, which may be invoked in certain circumstances.

With respect to international disputes, Bermuda enacted the Bermuda International Conciliation and Arbitration Act in 1993. In doing so, it adopted an internationally recognized arbitration code, the UN Commission on International Trade Law (UNCITRAL) model law of arbitration. The United Kingdom extended the 1958 UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards ("The New York Convention") to Bermuda in 1979, and Bermuda became a party in 1980. As a result arbitration awards from other countries including the United States are readily enforceable in Bermuda, and vice versa. The Convention is attached as Schedule 3 to the 1993 Arbitration Act. Bermuda has not entered any reservations regarding its ratification of the New York Convention. The United Kingdom has also ratified and extended to Bermuda the Washington Convention on the Settlement of

Investment Disputes between States and Nationals of other States 1965 (“ICSID Convention”). Bermuda is not a party to any bilateral or multilateral investment treaties.

The current (unwritten) policy of the Ministry of Economy, Trade and Industry is that arbitrators and foreign counsel travelling to Bermuda for the purposes of arbitration do not need work permits. However, the Department of Immigration requires advance notice of their presence in the jurisdiction for the purpose of the arbitration.

Commercial arbitration in Bermuda has been directly linked with the growth of international companies, in particular insurance and reinsurance companies. Arbitration clauses can be found in many insurance and reinsurance contracts. Often, these contracts name Bermuda as the arbitral seat, although they sometimes provide for arbitration in other locations, including in London under New York substantive law (the so-called “Bermuda form”). However, providing for arbitration in Bermuda pursuant to Bermudian substantive and procedural law is becoming increasingly popular in lieu of “Bermuda form” arbitration clauses.

Bermuda has a bankruptcy law – the Bankruptcy Act 1989. The Supreme Court (a first instance court of unlimited jurisdiction) administers the winding up of companies. In Bermuda, the Companies Act 1981 and the Companies (Winding Up) Rules 1982 govern the winding-up of companies. Foreign money judgments can be enforced under Bermudian law either under statute or common law, depending upon the country in which the original judgment was obtained. Under the Judgments Reciprocal Enforcement Act 1958 (JRE), Bermudian courts will recognize and enforce foreign money judgments as if they had been originally obtained in Bermuda. The JRE follows the same procedure as the Foreign Judgments (Reciprocal Enforcement) Act 1933 of the United Kingdom. A foreign creditor may apply for the bankruptcy of an individual or for the winding-up of a company provided the creditor follows the procedures set out in the aforementioned Bankruptcy Act 1989 and the Companies Act 1981, respectively.

Performance Requirements and Incentives

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There are no grants or incentives available to foreign or domestic investors interested in investing in Bermuda, except related to tourism and certain energy efficient goods and technologies. The Hotel Concession Act 1991 may provide full or partial relief from, or deferral of, customs duty for materials used in hotel renovations, and/or tax on land, occupancy, and payroll and/or lease requirements. Special development orders (SDO) may be granted on a case-by-case basis. The expanded version of the Temporary Customs Duty Relief Bill 2002 extends similar relief for restaurant renovations. In 2010, the GOB removed the import duty on many energy efficient goods and goods for use in harnessing power from renewable energy resources.

Bermuda’s low taxation incentives are applicable to Bermudian and non-Bermudian businesses alike. There is no income tax, profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax, VAT or sales tax in Bermuda, although there is duty on almost all goods imported into Bermuda. Annual government fees are imposed on businesses, and there is a 14% payroll tax that both employers and employees pay—two-thirds by the employer and one-third by the employee.

In November 2011, the GOB passed a significant piece of legislation. The Incentives for Job Makers Act took effect January 1, 2012 and was designed to encourage

international business executives to relocate and reside in Bermuda. The Act recognizes and rewards those companies that have demonstrated that they believe in Bermuda and Bermudians by providing up to 5 of their senior executives with an exemption from requiring a work permit for as long as the executive continues to be employed with the company and the company continues to invest in Bermuda. In addition, senior executives will be eligible to apply for permanent residence status after a certain period of time. The families of those exempt will also be entitled to reside in Bermuda. To be eligible for the exemption companies must have at least 25 Bermudians on staff, have Bermudians employed at all levels, provide entry-level positions for Bermudians, have programs in place for developing and promoting Bermudian employees, and, lastly, engage in fair labor practices.

Investors need to consider the 60/40 requirement when determining which type of company they create. As stated in Section 3, local companies (those that can conduct business with other local businesses in Bermuda) must adhere to the three requirements of the 60/40 rule whereby Bermudians 1) are the beneficial owners of at least 60 percent of the shares in the company, 2) exercise at least 60 percent of the total voting rights in the company, and 3) make up at least 60 percent of the directors of the company. Therefore, most international companies opt to become exempt companies and retain 100% ownership of their companies, maintain an offshore domicile and conduct business globally (except with local Bermudian companies).

The BMA usually imposes minimum capital and regulatory requirements for exempt companies. These requirements are found in the Statement of Principles section of the agreement between the BMA and the investor. The Statement of Principles provides guidance on which assets the BMA accepts as liquid. The standard requirement is for liquid assets to be at least equivalent to the total of three months' expenditure. This does not apply in the case of licensees who act neither as principal nor agent where only one month's expenditure must be maintained in the form of liquid assets.

The GOB requires investors to consider employing Bermudian workers where possible. Companies are expected to hire an equally qualified Bermudian or qualified spouse of a Bermudian before hiring a foreign national. As the unemployment rate in Bermuda continues to rise, the GOB is seeking creative ways to promote hiring Bermudian workers. In February 2011, the GOB imposed a work permit moratorium on cleaning, landscaping and gardening jobs. They are currently discussing what other job categories to add to the restricted list: non-specialist construction workers, waiters, servers, secretaries and caregivers, to name a few. The GOB's overall objective is to encourage the training and eventual hiring of locals to fill senior management positions.

The Bermuda Customs Department is not aware of any discriminatory or preferential import or export policies affecting foreign investors, although the Bermuda Customs Tariff contains a number of preferential duty reliefs for certain local commercial activities (e.g. goods for the poultry and dairy industry). Investors do not have to purchase goods from local suppliers or export a certain percentage of output.

Because of Bermuda's small size, the GOB does not normally solicit investment in infrastructure.

Under the amended Companies Act pursuant to Section 114(b), local companies are permitted to own property. Exempt companies, for the most part, may not own property. They may lease commercial land for up to 50 years and residential property for their employees for up to 21 years. According to the Hotel Concession Act section 4 (h), “that notwithstanding the provisions of section 78 of the Bermuda Immigration Act 1956 and paragraph 12 of the First Schedule to the Companies Act 1981, a company may lease a hotel or residential unit for a period not exceeding 131 years with an option to renew for a similar period.”

The GOB has relatively few monopolies, among which are trash collection and ferry services. The postal service is in competition with private mail services; public education competes with private education; and the public bus service competes with taxis, local mini-bus services, and multiple-passenger airport buses. There is significant competition within the telecommunications industry. Bermuda currently has seven internet service providers (ISP) providing DSL (broadband) and dial-up services.

Protection of Property Rights

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Secured interests in property, both movable and real, are recognized and enforced. Bermuda protects property rights through the Mortgage Registration Act 1786. The Acquisition of Land Act 1970, the Development and Planning Act 1974, and the Registry General protect and facilitate the acquisition and disposition of all property rights, such as land, buildings, and mortgages. Bermuda also has a land tax office and land valuations office. In November 2011, the Senate approved the Land Title Registration Act 2011 moving Bermuda from deeds-based property transactions to a parcel-based land registration system. Until the new registration system is implemented land owners must retain a Bermudian lawyer to research the history of the property and ensure that a third party does not have a claim. Each time a piece of real estate in Bermuda changes hands it is recorded in a deed of conveyance or a mortgage.

There is adequate protection for intellectual property, patents, copyrights, trademarks and trade secrets. As an Overseas Territory of the United Kingdom, the island cannot enter into treaties separate and apart unless the UK expressly authorizes it to do so. Therefore, Bermuda is subject to the same treaties to which the UK is a party, including those concerning intellectual property rights. One such agreement is the Berne Convention for the Protection of Literary and Artistic Works (Berne Convention). The Berne Convention requires its signatories to recognize the copyright of works of authors from other signatory countries (known as members of the *Berne Union*) in the same way as it recognizes the copyright of its own nationals. Bermuda has also passed its own laws for protecting intellectual property, patents, copy rights and trademarks. These laws include the Patents and Designs Act 1930, the Trade Marks Act 1974 (as amended) and the Copyright and Designs Act 2004. While the GOB has taken steps to implement the WTO Trade Related Intellectual Property Rights (TRIPS) Agreement.

Transparency of Regulatory System

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Bermuda’s legal, regulatory and accounting systems adhere to high ethical and current transparency standards. The legal and regulatory systems are grounded in UK law, while the accounting systems and auditing standards typically follow Canadian Generally

Accepted Accounting Principles (GAAP). A Bermudian company may choose to follow the GAAP of any other jurisdiction, subject to full disclosure of its accounts. Bermuda is also a member of regulatory standard-setting bodies for banking (BASEL), insurance (International Association Insurance Supervisors or IAIS) and investment business (Financial Services Authority or FSA). Bermuda is not considered an offshore financial centre as there is no distinction in how it regulates businesses operating in the local economy and those operating internationally from within Bermuda. While the Bermuda Monetary Authority (BMA) continues to apply differentiated requirements, e.g. lighter regulation when institutional and sophisticated investors are involved, there is still great reliance on transparency and disclosure.

The BMA continually strives to improve transparency within the regulatory system. Neither unlicensed nor unregistered entities are permitted to operate in the financial services sector. The BMA is the sole regulatory body for financial services and is responsible for the licensing, supervision, and regulation of financial institutions, including those conducting deposit-taking, insurance, investment, and trust business in Bermuda. There are separate regulatory acts that apply to each of these sectors. The GOB posts new laws and regulations in the Bermuda Sun (Official Gazette) for public comment.

The amended Investment Business Act (2003) enhances the regulatory powers of the BMA, granting the BMA stronger intervention powers and clarifying provisions, such as the BMA's ability to cooperate with foreign bodies. Other provisions include measures to strengthen criminal and regulatory penalties. The Investment Business Act also brought the Bermuda Stock Exchange (BSX) under the regulation of the BMA.

In 2008, Bermuda passed the Proceeds of Crime Regulations (Supervision and Enforcement) Act (amended 2010), which designated the BMA as the supervisory body for securing compliance with the regulations by regulated entities. The BMA has recently increased its resources, including adding more staff, to handle its responsibilities. The Act was amended in 2010 as part of Bermuda's ongoing effort to strengthen its anti-money laundering and anti-terrorism financing (AML/ATF) framework to ensure a high level of compliance with international standards.

In March 2009, the BMA issued Guidance Notes for AML/ATF Regulated Financial Institutions on Anti-money Laundering and Anti-terrorist Financing, outlining and interpreting the legal and regulatory framework, indicating good industry practices, and assisting institutions to design and implement systems and controls to limit AML/ATF risks to institutions. This was followed up by an AML/ATF market survey, which was designed to ensure that licensed entities were in compliance with the Proceeds of Crime Regulations.

The BMA regulates collective investment schemes (CIS). The 1997 Proceeds of Crime Act (POCA) and the 2006 Investment Funds Act (IFA) regulate the fund administrators. Collective investment schemes are also subject to IFA, which clarifies and codifies the current regulation of funds in order to strengthen Bermuda's position in the international funds market.

Bermuda's Financial Intelligence Agency (FIA) is a member of the Egmont Group of Financial Intelligence Units and information sharing is paramount. In addition, the BMA Amendment (No. 3) Act 2004 clarifies the power of the BMA to cooperate with other overseas authorities. Other laws which authorize the sharing of information with

overseas regulators include the Banks and Deposit Companies Act 1999, the Trusts (Regulation of Trust Business) Act 2001 and the Investment Act 2003.

Efficient Capital Markets and Portfolio Investment

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The GOB's policies facilitate the free flow of financial resources in the product and factor markets. As the third largest insurance market in the world, Bermuda seeks to stay ahead of insurance product innovations. Bermuda has a commercially sensible regulatory regime, an international stock exchange, an established financial and legal services sector and a geographical position between the U.S. and European markets that make it a prime location where the insurance world and capital markets converge. Commercial credit lines are normally arranged through U.S. or UK institutions. The Banks and Deposit Companies Act 1999 implemented the Basel Committee's Core Principles for Effective Banking Supervision. Bermuda banks are compliant with the Basel II Accord. Bermuda's currency, the Bermuda dollar, is fixed or pegged to the U.S. dollar at a 1:1 rate. The Bermuda Monetary Authority (BMA), which has limited central bank powers, oversees Bermuda's currency. The BMA also facilitates portfolio investment but does not determine interest rates, which are set by the market and usually follow the Federal Reserve System (Fed) rates. Liquidity and solvency are important concerns for Bermuda's four banks as there is no monetary policy, no lender of last resort, and no implied guaranty. In July 2011, the GOB enacted the Deposit Insurance Act, which lays out proposals for implementing a Deposit Insurance Scheme (DIS) for the Bermuda market. The DIS would provide insurance coverage to small depositors in banks and credit unions and is scheduled for implementation in 2012.

Having its economy so intertwined with the U.S. has heavily influenced local capital restriction policies, driving these towards an open flow of capital. Bermuda does not have developed capital markets, as it relies on the U.S. and other overseas markets. Credit is allocated on market terms and foreign investors are able to get credit on the local and international market. The private sector has access to a variety of credit instruments through the local banks. Many companies, particularly the large ones, maintain external banking relationships. Since Bermuda does not have a central bank and does not conduct a controlling monetary policy, it has no need to intervene in the markets.

Bermuda's banks are highly capitalized and hold significantly high quantities of liquid U.S. dollar assets on their balance sheets. Approximately two-thirds of their aggregate balance sheet consists of inter-bank placements or holdings of high quality marketable securities. Total assets within the banking sector increased 6.8 percent or \$1.6 billion compared to 2010. The BMA's Regulatory Update from October 2011, reports the total assets for the banking sector for Q2 2011 were \$24.3 billion. Cash and deposit levels rose by 19.1 percent or 1.3 billion while loans and advances increased 0.7 percent or 56.1 million. Banks are required to meet a minimum capital ratio of 10 percent at the consolidated level but, in practice, the aggregate ratio exceeded 20 percent in 2010. In other matters, the banks follow the Bank of England model. They are required to maintain separately capitalized subsidiaries in order to conduct their trust business. Bermuda's banking system is sound, although there has been a steady increase in the ratio of non-performing loans to capital. The most recent data comes from the BMA's Quarterly Banking Digest showing the ratio of non-performing loans to capital was 24.6% in June 2011. The Capital Adequacy Ratio (CAR) is a ratio that regulators in the banking system use to watch a bank's health, specifically a bank's capital to its risk. In

the first half of 2010, Bermuda's CAR was a sound 21.0%. Noteworthy in 2009 was the placement of the country's largest ever initial public offer (IPO) when Butterfield Bank raised \$200 million guaranteed by the GOB. In March 2010, Butterfield Bank received \$550 million of new capital from foreign investors, the Carlyle Group and Canadian Imperial Bank of Commerce (CIBC). This deal was completed before shareholders were notified or able to vote on this transaction. Such injections of extra capital enabled the bank to "de-risk" its balance sheets and work toward a quick return to profitability.

The U.S. Securities and Exchange Commission (SEC) recognized the Bermuda Stock Exchange (BSX) as a "Designated Offshore Securities Market" in October 1996. Three years later the BSX became a full member of the International Federation of Stock Exchanges. In 2005, the UK Financial Services Authority granted the BSX Designated Investment Exchange status. The BMA provides oversight of the BSX and its trading activity. The BSX introduced an electronic clearing, settlement and registration system, the Bermuda Securities Depository (BSD), which the BMA also oversees. The BSD was designed to facilitate more efficient trade settlement for BSX-listed securities by allowing book entry settlement rather than paper-based settlement. Companies listed on the BSX include: ACE Limited, Argus Group Holdings Limited, Bermuda Commercial Bank, Bank of Butterfield, HSBC Corporate Money Funds, Lines Overseas Management and Orbis.

Competition from State Owned Enterprises (SOEs)

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Bermudian state-owned enterprises (SOEs) are active in public transportation (buses and ferries), healthcare, electric utility (BELCO), and the postal industries. The rest of the economy is in the hands of private enterprise. In Bermuda, public enterprise generally has easier access to market, credit, licensing and other critical business operations than private enterprises do. Its employees are members of the Bermuda Industrial Union.

Governance of SOEs is hierarchical in structure and led by a politically-appointed Minister. These state-owned enterprises are required to provide financial information as necessary to the department heads, who then submit the financial information annually to the Auditor General. Generally, no boards of directors are affiliated with Bermuda SOEs, with the exception of the Hospital Board; however, some departments may have advisory boards.

Corporate Social Responsibility (CSR)

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There is a general awareness of corporate social responsibility among both producers and consumers. There are many local and international companies domiciled in Bermuda that practice corporate social responsibility (CSR). Many firms become involved in philanthropic endeavors such as donating, volunteering, and fundraising for local and international causes. Many companies also have environmental programs in place that work on reducing their carbon dioxide emissions and building "green" office spaces and buildings.

Businesses may apply to the Minister of Economy, Trade and Industry for designation as a "Good Corporate Citizen." This program identifies companies of good standing in Bermuda that support (via training, scholarships, etc.) and employ a fair number of

Bermudians. If a company meets the criteria, the Minister may, for example, grant pending work permit applications permission-in-principle and fast-track them through the work permit process.

Political Violence

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There have been no recent incidents of political violence in Bermuda.

Corruption

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Bermuda has laws, regulations and penalties to combat corruption and effectively enforces them impartially. The Bermuda Criminal Code 1907 and the Proceeds of Crime Act 1997 make provisions for punishing corrupt practices in the area of investments, particularly for the offences of misleading statements and practices, market manipulation and insider trading. The Parliamentary Election Act 1978 addresses giving bribes to (or accepting bribes from) a government official; the penalty under this act is \$1,000 or up to two years imprisonment or both. The Parliament Act of 1957 provides for a five-year imprisonment and/or up to \$84,000 in fines for the bribery of a member of the House of Legislature.

In 2010, several reports from 2007 and 2008 by both the current and former auditors general were published. These reports found evidence of massive mismanagement of government funds and recommended that police investigate four cases of overspending and/or lack of oversight and poor internal controls. As a result of the Auditor General's report, the Ministry of Finance has asked the Bermuda police to investigate further. The Minister of Finance stated that "The Government is moving already to further strengthen tendering and procurement practices, including ensuring that there is the appropriately provided expertise to ensure proper scoping and design of capital projects to reduce subsequent change orders that are often the cause of cost overruns". As a result, in August 2011 the GOB passed the Good Governance Act to improve the transparency and accountability of Government contracts. The Act provides protection for whistleblowers, stronger internal audits, and establishes an Office of Project Management and Procurement in order to strengthen oversight and control of government projects.

Keen to rise above any perceived impropriety associated with offshore banking centers, Bermuda continues to update its regulatory framework to meet international standards, including those of the International Monetary Fund (IMF) and those espoused by the Financial Action Task Force (FATF) and the Organization for Economic Cooperation and Development (OECD).

Bilateral Investment Agreements

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There is no bilateral investment treaty between Bermuda and the United States. Bermuda has a bilateral taxation treaty with the U.S. signed on 11 July 1986 entitled "Convention between the Government of the United Kingdom of Great Britain and Northern Ireland (on Behalf of the Government of Bermuda) and the Government of the United States of America Relating to the Taxation of Insurance Enterprises and Mutual Assistance in Tax Matters." Under the U.S. - Bermuda Tax Convention Act, the United States agrees to waive for eligible Bermudian insurance companies any income and

excise taxes on insurance premium income derived from the United States. An “eligible” company is defined as one whose “predominant business activity is the issuing of insurance, reinsurance, or annuity contracts and the investing of insurance reserves and other capital incident to the carrying on of the insurance business;” and one that does not operate as a permanent establishment in the U.S.

Bermuda has been added to the category “A” list of signatories to the IOSCO MMOU (International Organization of Securities Commissions Multi-lateral Memorandum of Understanding), which provides for mutual co-operation and the exchange of information among securities regulators. In June 2009, the BMA was approved as a signatory to the new Multi-lateral Memorandum of Understanding (MMoU) established by the International Association of Insurance Supervisors (IAIS). The IAIS developed the MMoU to establish a formal basis for cooperation and information exchange between signatory regulators who supervise insurers with international, or cross border operations.

OPIC and Other Investment Insurance Programs

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Bermuda is an Overseas Territory of the UK and is not a member of the Overseas Private Investor Corporation (OPIC) or any other investment insurance programs.

Investors in Bermuda do not enjoy the same kinds of protections as provided by other jurisdictions such as the U.S. and should exercise their own “due diligence.” There is no deposit protection for owners of mutual funds or trusts, nor is there any central fund to reimburse investors. The BMA, however, maintains as public information a register of all licensed investment service providers. Moreover, investment managers must be licensed pursuant to the Investment Business Act of 1998. Prior to licensing, the investment service must provide proof of adequate professional indemnity insurance. In 2006, the GOB passed the Investment Funds Act, which clearly outlines how public funds are regulated, defines the framework for non-public, institutionalized funds and includes requirements for fund administrators.

Labor

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Historically, a large part of the international business, hotel and hospitality, and construction workforce came from overseas as there has been a lack of skilled qualified labor available within the island’s small population. This fact has become a political issue among Bermudians, the Bermuda Government and the business community seeking qualified skilled personnel. There have been some instances where a company has been forced to hire a Bermudian apprentice in lieu of a qualified foreign national. In 2011, the preliminary census showed that the unemployment rate had increased to 6 percent overall, up from 4.5 percent in early 2010.

The Bermuda Government requires investors to consider employing Bermudian workers where at all possible. To support this objective, the Bermuda Department of Immigration has established very specific guidelines. Companies must hire an equally qualified Bermudian or qualified spouse of a Bermudian before hiring a qualified foreign national. In addition, foreign workers may work in Bermuda for up to six years unless their employers can demonstrate that they are “key employees,” whereupon they may be permitted to work in Bermuda for up to ten years. These guidelines ensure that foreign

nationals do not remain on the island for extended periods of time with the possibility of becoming permanent residents. The GOB's objectives are to encourage the training and eventual hiring of locals to fill senior management positions. Thus, while limited work permits are issued to foreigners, there is a constant need on the part of corporations to prove that qualified Bermudians are unavailable to perform the job. In November 2011, the GOB passed the Incentives for Job Makers bill which gives senior executives who satisfy certain criteria such as hiring Bermudians at all levels, the right to apply for permanent residence. The GOB hopes this bill will create employment opportunities for Bermudians.

Although Bermuda continues to have labor disputes (under the purview of the 1992 Labour Disputes Act), the number of disputes has decreased in recent years due in part to the passage of fair labor laws favored by most Bermudians. The government-related labor force is highly unionized; labor relations can be adversarial and at times contentious, particularly in the public service sector and the hotel industry.

Foreign-Trade Zones/Free Ports

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Bermuda has no free port or duty-free import zones.

Foreign Direct Investment Statistics

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There are few statistics available regarding foreign direct investment in Bermuda. In general, ownership in the Bermuda insurance sector is geographically diverse, but U.S. companies own approximately 60% of the active commercial insurers. Bermudian-owned and European-owned insurers represent approximately 20% and 15% of the market, respectively. Approximately one in three commercial insurers are publicly-listed companies, of which two-third are listed on U.S. exchanges.

Web Resources

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Bermuda Chamber of Commerce: <http://www.bermudacommerce.com>
Bermuda Hospitals Board: www.bermudahospitals.bm
Bermuda Insurance Market: www.bermuda-insurance.org
Bermuda Laws On-line www.bermudalaws.bm
Bermuda Monetary Authority www.bma.bm
Bermuda On-line: <http://bermuda-online.org/>
Bermuda Stock Exchange: www.bsx.com
Business Bermuda - www.businessbermuda.org
Department of Statistics: www.statistics.gov.bm
Government of Bermuda: www.gov.bm
HSBC Bank of Bermuda: www.hsbc.bm
Registrar of Companies: www.roc.gov.bm
The Royal Gazette: www.royalgazette.com

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Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
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How Do I Get Paid (Methods of Payment)?

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Bermuda companies commonly pay by check, bank draft, standing order, local interbank transfers or international money transfers (wire payments or cables) for payment of goods and services. Drafts are checks issued on behalf of a client and are used to make payment overseas in instances where checks drawn on a local account are not acceptable. Drafts are drawn on funds held at correspondent accounts so they clear through the country where the currency is domiciled. Standing orders are used if checks, drafts, money transfers or account transfers are requested for the same amount on a regular basis. International Money Transfers (IMTs) are often referred to as wire payments or cables using the SWIFT network. They provide the means for receipt and transfer of funds internationally. Manager's Checks are used to make payments locally rather than being drawn on overseas correspondent banks.

Companies may also be paid by open account, letter of credit, cash in advance, documentary collections and factoring. There is no central clearing house yet, but common Automated Clearing House (ACH) standards are in use.

Settlement of payments occurs through a network of correspondent banks and can, therefore, be made in any major currency at nearly any bank in the world. Typically, employees of local firms are paid in BDA, whereas some exempt firms pay in USD.

There are no credit rating agencies in Bermuda. Bermuda does have two debt collection agencies, the Bermuda Credit Association, (www.bca.bm) and the Bermuda Debt Collection Agency (ph. 441-292-8651)

How Does the Banking System Operate?

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Bermuda has a strong, well developed banking system due to the large international business sector domiciled in Bermuda. There are four banks licensed to operate in Bermuda. There is one global bank (Bank of Bermuda/member of HSBC group), one regional bank (Butterfield Bank), and 2 local banks (Capital G and Bermuda Commercial Bank) available for financial services, products and advice.

These banks offer a wide range of commercial banking facilities including comprehensive investment, trust, financial management services and direct access to a variety of currency alternatives. The English common law rule of confidentiality prevails on all accounts. Accounts can be maintained in most foreign currencies. Bermuda's banking sector is closely monitored by the International Monetary Fund (IMF),

international risk rating agencies and the Bermuda Monetary Authority (BMA). The BMA is the integrated regulator of the financial services sector in Bermuda, including monitoring anti-money laundering, which is deemed crucial to maintaining the financial reputation of the island.

Many banking transactions are done electronically and a majority of the population use Internet banking. Internet banking has become a common channel through which Bermudians transfer cash and pay for services.

Foreign-Exchange Controls

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Exempted businesses and non-resident individuals may trade and maintain bank accounts in any currency, remitting or repatriating their funds without exchange controls. However, Bermuda does have a Foreign Currency Purchase Tax (FCPT) of 1.0% per transaction on the purchase of all non-local currencies including the US Dollar. This includes all purchases of foreign currencies for travel and business purposes and all telegraphic (wire) transfers of monies from Bermuda to individuals and businesses abroad.

In March 2009, Bermuda updated the Revenue Act 1898 to strengthen the requirements relating to cross border transportation of currency and monetary instruments. The threshold for reporting is \$10,000. Mandatory declaration forms are used for all incoming passengers (regardless of point of embarkation) and for outgoing passengers to the U.S. For outgoing passengers to Canada and the U.K. there is a disclosure system in place.

U.S. Banks and Local Correspondent Banks

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There are no U.S. banks located in Bermuda. Although the Bank of New York is on the island, this branch is an investment bank only. While there are no correspondent banks in Bermuda, all Bermudian banks have relationships with major U.S. banks. There are no multilateral development banks in Bermuda.

Project Financing

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The Bermudian government expects potential investors to have project financing in place as part of the business plan for proposed projects in Bermuda. There are no national financial entities in Bermuda to assist with foreign project financing.

Web Resources

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Bank of Bermuda: www.hsbc.bm

Bermuda Commercial Bank: www.bermuda-bcb.com

Butterfield Bank: www.bm.butterfieldgroup.com

Capital G Limited: www.capital-g.com

EXIM Bank Country Limitation Schedule:

http://www.exim.gov/tools/country/country_limits.html

Export-Import Bank of the United States: <http://www.exim.gov>

OPIC: www.opic.gov

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/c/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

U.S. Small Business Administration (SBA) Office of International Trade: www.sba.gov

U.S. Trade and Development Agency: www.tda.gov/

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Business Customs

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Given the proximity of Bermuda to the United States, there is extensive knowledge of and parallels to the American business culture. Bermudians highly value good manners and personal courtesy. Bermudians usually shake hands upon meeting and sometimes exchange business cards. Still, there are some cultural differences. A greeting of “Good morning,” “Good afternoon,” or “Good evening” will start you off on the right foot. Unlike Americans, Bermudians appreciate being addressed by their family name (i.e. Mr. Smith or Mrs. Brown). Conversations move to a first name basis a bit more slowly than in the United States. Although island life can be slower and more relaxed than the mainland, business visitors should be on time for meetings and dressed appropriately since the international business sector tends to be formal and efficient. Business dress can be more formal than in the U.S.; many companies subscribe to “smart casual” dress, but this is dependant on the company policy.

Bermuda is the one of the few places in the world where there is an unwritten national dress for men. Bermudians and professional businessmen wear Bermuda shorts for business attire and cocktail parties predominantly during the summer months. The shorts are worn three inches above the knee, accompanied by Bermuda (knee-length) socks, a short- or long-sleeved button down shirt, a tie, and a single or double breasted navy blue blazer, sport coat, or linen jacket. Black or brown loafers with tassels, depending on the color of the shorts, are the most appropriate shoes.

Travel Advisory

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The U.S. Department of State's Consular Information Program advises Americans traveling and residing abroad through Consular Information Sheets, Public Announcements, and Travel Warnings. Consular Information Sheets exist for all countries and include information on entry and exit requirements, currency regulations, health conditions, safety and security, crime, political disturbances, and the addresses of U.S. embassies and consulates abroad. Public Announcements are issued to disseminate information quickly about terrorist threats and other relatively short-term conditions overseas that pose significant risks to the security of American travelers. Travel Warnings are issued when the State Department recommends that Americans avoid travel to a certain country because the situation is dangerous or unstable.

Americans should register with Smart Traveler Enrollment Program (STEP) for the U.S. Embassy or Consulate in the country in which they are visiting or residing to make their presence and whereabouts known in case of an emergency, a disaster overseas, or an evacuation if that were to become necessary.

Please visit the travel.state.gov website for any travel advisories for Bermuda and other countries and to enroll in STEP.

Visa Requirements

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For visitors

A visa is not required for a U.S. citizen entering Bermuda as a visitor; however, a valid U.S. passport is required. Upon arrival, visitors must present their round trip ticket to Bermuda Immigration. Twenty-one days is the maximum amount of unrestricted time that visitors are allowed to stay in Bermuda. However, visitors may request an extension for up to 3 months from the Department of Immigration.

For potential residents (employment)

To work in Bermuda, a work permit is required and must be secured before arrival on the island. Non-compliance may result in denial of entry into the country. The prospective employer is responsible for securing work permits for their non-Bermudian employees.

Immigration policy requires that qualified and interested Bermudians be given the first opportunity to fill job vacancies via advertised career ads. If no qualified and interested Bermudians or spouses of Bermudians are available, then the employer may apply for a permit to employ a non-Bermudian unless the position is in a closed category. Work permits issued after April 1, 2001, in most cases will not be renewable after a period of 6 years. In certain cases the period may be extended an additional 3 years for those designated as “key” employees. In November 2011, the GOB passed the Incentives for Job Makers bill which gives senior executives who satisfy certain criteria such as hiring Bermudians at all levels, the right to apply for permanent residence.

The initial work permit application, including the immigration questionnaire form, a copy of the job advertisement and the required fee, must be in writing, addressed to the Chief of Immigration Officer at the Department of Immigration.

For Americans traveling to Bermuda on business, the U.S. Consulate strongly recommends the company/individual contact Bermuda Immigration to see if a work permit is required. Bermuda Immigration and Bermuda Customs are very strict and some travelers without correct/sufficient documentation have been sent back to their country of origin.

If you are planning a trip or are moving to Bermuda and need more information on Bermuda Immigration or Customs requirements, contact Bermuda Immigration: (441) 295-5151 or www.immigration.gov.bm.

Every official U.S. Government visitor to Bermuda must obtain a country clearance from the U.S. Consulate at least 72 hours in advance. For more information please contact the U.S. Consulate in Bermuda at <http://hamilton.usconsulate.gov>.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security opinions and rulings/findings are handled via an interagency process. Visa applicants should go to the following links:

State Department Visa Website: travel.state.gov/visa/index.html

United States Visas.gov: www.unitedstatesvisas.gov

Telecommunications

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E-Commerce: Bermuda has established itself as a leading e-commerce jurisdiction; it was one of the first countries in the world to pass legislation that established legal principles for the conduct of e-commerce and the processing of electronic transactions.

Telecommunications: Bermuda has a competitive telecommunications market due to the efforts of the Ministry of the Environment, Planning & Infrastructure Strategy. Bermuda is one of the world's first small countries to break the stranglehold of monopolies on long distance and local telecommunications, which reduced the cost of long-distance calls. Bermuda's internal telephone system is 100% digital, with fiber optic trunk lines. The overseas links are fiber optic cables, and there is growing redundancy built into the system to negate the effect of faults. Although communications in Bermuda are state of the art, with multiple satellite, ocean cable, and fiber-optic cable facilities in place, severe winds and storms can bring local communications down for periods ranging from hours to weeks.

Telephone and fax service extends throughout the island. Long distance service is rapid and efficient, with direct dialing to the U.S. and most of the world. Calls from the U.S. are not international and only require 1 + 441 (area code) to place an incoming long distance call. Rental rates for phone lines and local service costs are comparable to those in the U.S. With the advent of competition, direct dial calls to the U.S. range from \$.09 - .19 BDA per minute, depending on the payment package selected. Many international brands of telephone and fax sets are available for purchase on the island for home and business use, and a wide range of cellular phone equipment and services are available. There are seven Internet services companies providing dial-up and DSL service on the island (five consumer, two business). Prices are considerably higher than in the United States and the Caribbean. For example, DSL service runs about \$99 BDA per month.

The Emergency Broadcast Station - FM 100.1

The Emergency Broadcast Station (EBS) is a Government Disaster Preparedness Facility used by the Emergency Measures Organization (EMO). In the event of an emergency, the Department of Communication and Information (DCI) and Police Media Relations (PMR), as directed by the EMO, will disseminate emergency information to the public via the EBS on a continuous basis. The station is located at COMOPS (Combined Operations), Police Operations Centre, Prospect Devonshire. The Department of Telecommunications, which is responsible for the maintenance of the station, carries out prerecorded weekly testing of the station.

Transportation

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Airlines

Several commercial airlines fly between Bermuda and the U.S., Canada, and the U.K. daily, although during the winter months there are reduced flight schedules. The Bermuda International airport changed its name to the L.F. Wade International Airport in 2007 and is located at the Civil Air Terminal in St. David's approximately 10 miles from the capital, Hamilton. Please go to www.bermudaairport.aero/default.aspx to view flight information and schedules.

Automobiles

Driving on the island is on the left, British-style, and the maximum speed limit is 15 mph in Hamilton and 21 mph on the rest of the island. Under Bermudian law, non-residents are not allowed to own, rent, or drive four-wheeled vehicles. Non-residents must rely on taxis, buses or rental scooters.

Buses/Ferries

There is a regular, island-wide public bus and ferry service, and daily and weekly and monthly passes are available at the Central Bus Terminal, or Visitors' Service Bureau or Ferry Terminal in Hamilton. The buses and ferries are generally inexpensive, accommodating, clean and efficient. Schedules can be found in the phone book or at www.bermudabuses.com and at www.seaexpress.bm

Scooters

Rental motor scooter are readily available, and the required helmet is provided. However, visitors should carefully consider whether it is worth the risk to ride a scooter. Motor scooters provide the greatest road peril in Bermuda. Those unfamiliar with driving on the left are likely to find the roundabouts and regulations for yielding at junctions confusing and dangerous. In addition, vehicles often stop on the side of the road, blocking one lane of traffic. Main roads, while generally in good condition, are extremely narrow and tend to be bordered by heavy vegetation or low stone walls. Travelers who rent scooters should be aware that scooter accidents involving visitors are common, and they can sometimes involve serious injuries or fatalities.

Taxis

Taxis are readily available for use across the island, although local rates are somewhat pricey by US standards. The best access is via hotel taxi stands.

Language

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The official language of Bermuda is English, but Portuguese is widely spoken among the sizeable Portuguese community.

Health

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Local doctors and dentists meet international standards. Many are trained in the U.S., Canada or England and are licensed and accredited. All physicians in the yellow pages of the Bermuda telephone directory are licensed by the Bermuda Government and speak English. No special vaccinations are required for travel to Bermuda.

Please note: The Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy coverage applies overseas and if it will cover emergency expenses such as a medical evacuation. Some U.S. medical insurance plans do not cover health costs incurred outside the United States unless supplemental coverage is purchased. Further, U.S. Medicare and Medicaid programs do not provide payment for medical services outside the United States. However, many travel agents and private companies offer insurance plans that will cover health care expenses incurred overseas, including emergency services such as medical evacuations. If applicable, you will generally have pay to at the time of service with either cash or credit card and then submit the receipt to your insurance company for reimbursement.

There are two main hospitals in Bermuda. The King Edward VII Memorial Hospital, just east of Hamilton, is a relatively well-equipped and modern general medical and surgical hospital with about 300 beds. All customary services are available at the King Edward, including an emergency and outpatient department. There is also a psychiatric hospital called the Mid Atlantic Wellness Institute. The Lamb-Foggo Urgent Care Centre is an emergency medical clinic located in the northeast end of the island. Both are accredited under a Canadian system.

King Edward VII Memorial Hospital
7 Point Finger Road
Paget, DV 04
Phone: (441) 236-2345

Mid Atlantic Wellness Institute
P.O. Box DV 501
Devonshire DV BX
Phone: (441) 236-3770

Lamb-Foggo Urgent Care Centre
1 Hall St. South Side
St. David's DD 03
Phone: (441) 298-7700

Prescription Drugs

U.S. prescriptions are not honored in Bermuda. It will be necessary to visit a Bermuda doctor and have a new prescription written if you need to have it filled here. Most common medications are available locally, upon presentation of a prescription from a Bermuda doctor. If you are taking prescription medication, you must inform Bermuda customs officials at the point of entry. Medicines must be in labeled containers, and travelers should carry a copy of the written prescription and a letter from the physician or pharmacist confirming the reason the medicine is prescribed.

Emergency Numbers: Police, Fire and Ambulance 911

The emergency phone number for the Police, Fire and Ambulance service is **911**. The phone number for the King Edward VII Memorial Hospital is **(441) 236-2345**.

More information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Center for Disease Control and Prevention's (CDC) hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747) or through their website at: www.cdc.gov

For information about outbreaks of infectious diseases abroad, consult the website of the World Health Organization (WHO) at: www.who.int/en

For information about hurricanes in Bermuda, consult the Bermuda weather website at: www.weather.bm or the U.S. National Hurricane Centre at: www.nhc.noaa.gov.

Local Time, Business Hours, and Holidays

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Time Difference

Bermuda is on Atlantic Standard Time (AST). The time difference between New York City and Bermuda is one (1) hour. When it is 12:00 noon in New York City, it is 1:00 pm in Bermuda. London is four (4) hours ahead of Hamilton; therefore, when it is 12:00 noon in Bermuda, it is 4:00 pm in London.

Business hours

The regular business work week in Bermuda is from Monday to Friday from 9 to 5 p.m. however many retail and grocery stores are open on Saturdays as well. Banks are open from 9:30 a.m. to 3:00 p.m. Monday to Thursday and from 9:30 a.m. to 4:00 p.m. on Friday. Some grocery stores are open on Sundays from 1 to 5 p.m. During tourist season, some retail stores in Hamilton will stay open on Wednesdays until 9 p.m.

U.S. and Bermuda Official Holidays 2012

NOTE: (O)=OBSERVED, A=AMERICAN, B=BERMUDA

Holiday/Event	Date	Country
2012 New Year's Day (O)	Monday, January 2	A/B
Martin Luther King Jr. Birthday (O)	Monday, January 16	A
Washington's Birthday	Monday, February 20	A
Good Friday	Friday, April 6	B
Bermuda Day	Tuesday, May 24	B
Memorial Day	Monday, May 28	A
National Hero's Day	Monday, June 18	B
Independence Day	Wednesday, July 4	A
Emancipation Day	Thursday, August 2	B
Somer's Day	Friday, August 3	B
Labor Day	Monday, September 3	A/B
Columbus Day (O)	Monday, October 8	A
Remembrance/Veterans Day	Monday, November 12	A/B
Thanksgiving Day	Thursday, November 22	A
Christmas Day (O)	Tuesday, December 25	A/B
Boxing Day (O)	Wednesday, December 26	B
2013 New Year's Day (O)	Tuesday, January 1	A/B

Temporary Entry of Materials and Personal Belongings

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Some goods may be imported on a temporary basis without the payment of customs duty. Goods imported for short periods of time (e.g. tools of trade) must have a monetary security placed with customs prior to being released. Qualifying goods may be found in the 6th Schedule of the Bermuda Customs Tariff (www.customs.gov.bm). Some restrictions apply and proper export procedures must be followed in order to obtain a

refund of the financial security. Any goods which remain in Bermuda are subject to import duty at the appropriate rate. If the goods are sold or otherwise disposed of without authorization from the Collector of Customs, the goods are liable to forfeiture and the importer is liable for a monetary penalty of up to BDA \$12,000.

Persons moving to Bermuda with their personal possessions MUST pay duty and landing tax on the declared or customs assessed value of their goods. To avoid lengthy inspections by customs, the importer may make a written declaration of the contents and estimated fair values of their goods for duty purposes. If the declared value is accepted by customs, no inspection will be necessary. Customs may decide to carry out an inspection. If they deem inspection necessary, the shipment must have a customs deposit (bond) filed prior to release from the airport or pier. Shipments due to be inspected CANNOT be opened without the presence or permission of a customs official.

For more information on Bermuda Customs and Online Tariffs visit their web site at www.customs.gov.bm or call (441) 295-4816.

Web Resources

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American Consulate in Bermuda website: <http://hamilton.usconsulate.gov>

Bermuda Customs website: www.customs.gov.bm

Bermuda Ferry Schedule: www.seaexpress.bm

Bermuda Hospitals Board: www.bermudahospitals.bm

Bermuda Immigration: www.immigration.gov.bm

Bermuda Public Transit information: www.bermudabuses.com

Bermuda Weather: www.weather.bm

Centre for Disease Control: www.cdc.gov

Government of Bermuda: www.gov.bm

National Hurricane Centre website: www.nhc.noaa.gov

Travel.state.gov: <http://travel.state.gov>

World Health Organization: www.who.int/en

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Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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Business travelers to Bermuda may contact any of the following organizations or government departments for more information about how to do business in Bermuda:

- **Association of Bermuda Insurers & Reinsurers** Website: www.abir.bm
Bradley L. Kading Leila Maderios
President and Executive Director Senior VP & Corporate Secretary
1301 Pennsylvania Avenue, N.W. XL House, 1 Bermudiana Road
Suite 900 Hamilton, HM 08
Washington, DC 20004-1701 Bermuda
Tel: 202-783-2434 Tel: (441) 294-7221
Fax: 202-638-0936 Fax: (441) 296-4207
- **Association of Bermuda International Companies**
P.O. Box HM 655
Hamilton HM CX
Bermuda
Tel: 441 295-8932
Fax: 441 292-5779
Website: www.abic.bm
- **Bermuda Bar Association**
2nd Floor, S.E. Pearman Building
9 Par-La-Ville Road, Hamilton, HM 11
P.O. Box HM 125
Hamilton HM AX
Bermuda
Tel: (441) 295-4540 Fax: (441) 295-9880
Website: www.bermudabar.org E-mail: bdabar@ibl.bm
- **Bermuda Chamber of Commerce**
1 Point Pleasant Road
Hamilton, HM 11
P.O. Box HM 655 Hamilton HM CX
Tel: (441) 295-4201
Fax: (441) 292-5779
Website: www.bermudacommerce.com
- **Bermuda Employers Council**
4 Park Road
Hamilton, HM 11
Bermuda
Tel: (441) 295-5070

Fax: (441) 295-1966
Website: www.bec.bm

- **Bermuda Insurance Market** Website: www.bermuda-insurance.org
- **Bermuda Monetary Authority (BMA)**
BMA House, 43 Victoria Street
Hamilton, HM 12
Bermuda
Tel: (441) 295-5278
Fax: (441) 292-7471
Website: www.bma.bm
- **Business Bermuda**
The Windsor Place
22 Queen Street
Hamilton, HM 11
Bermuda
Tel: (441) 292-0632
Fax: (441) 292-1797
Website: www.businessbermuda.org
- **Institute of Chartered Accountants of Bermuda**
Sofia House, 1st Floor
48 Church Street
Hamilton, HM 12
Bermuda
Phone: (441) 292-7479
Fax: (441) 295-3121
Web site: www.icab.bm Email: info@icab.bm
- **Ministry of Finance**
Government Administration Building
2nd Floor, 30 Parliament Street
Hamilton, HM 12
Bermuda
Tel: (441) 295-5151
Fax: (441) 295-5727
Website: www.gov.bm
- **Registrar of Companies**
Government Administration Building
30 Parliament Street
Hamilton, HM 12
Bermuda
Tel: (441) 294-9244
Fax: (441) 292-6640
Website: www.roc.gov.bm
- **U.S. Consulate General – Bermuda**

“Crown Hill”
16 Middle Road
Devonshire DV 03
P.O. Box HM 325
Hamilton HM BX
Tel: (441) 295-1342
Fax: (441) 295-1592
Website: <http://hamilton.usconsulate.gov>

Market Research

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There are several research firms in Bermuda that can assist you with market research: www.Research.bm, Total Marketing - www.totalgroup.bm, and several ad agencies: AAC Saatchi & Saatchi - www.aac.bm; Aardvark Communications - www.aardvark.bm; Advantage Ltd. - www.advantage.bm; Emedia Bermuda Ltd. - www.emedia.bm; Mind Maps Ltd. - www.mindmaps.bm; RBK Advertising & Design - www.rbk.bm.

To view other market research reports produced by the U.S. Commercial Service, visit www.export.gov/mrktresearch/index.asp and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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The following is a list of some of the trade events in Bermuda for 2012:

- Coldwell Banker Home Show – February
- Butterfield & Vallis Food Show – March
- 2nd Annual Capital G Private Wealth Conference - May
- Annual Global Hedgefund Summit – April
- 2012 Carifta Games – April
- Bermuda Captive Conference - June
- Insurance Day Summit Bermuda - June
- Annual Conference for Bermuda Reinsurers - November
- International College and University Fair hosted by the Bermuda College - December

Please click on the link below for information on upcoming trade events in the U.S.: www.export.gov/tradeevents.html.

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.**

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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